

Going beyond IPV

- common value model
 - motivation: oil well
 - winner's curse
 - things can be improved by revealing more information
- general model
 - $\text{IPV} + \text{common value}$
 - example motivation: private value plus resale

Affiliated Values

- Definition: a high value of one bidder's signal makes high values of other bidders' signals more likely
 - common value model is a special case
- generally, ascending auctions lead to higher expected prices than second price, which in turn leads to higher expected prices than first price
 - intuition: winner's gain depends on the privacy of his information.
 - The more the price paid depends on others' information (rather than expectations of others' information), the more closely this price is related to the winner's information, since valuations are affiliated
 - thus the winner loses the privacy of his information, and can extract a smaller "information rent"

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- **Linkage principle**: if the seller has access to any private source of information which will be affiliated with the bidders' valuations, she should precommit to reveal it honestly.