Reading/discussion questions: Cantillon-Pesendorfer paper

1. Auction bidding environment
   • simultaneous/combinatorical auctions
   • bidders have multidimensional types ("costs")
   • “first-price” auction: understand allocation rule and payoffs (pg. 7)
   • Question: are costs subadditive? “Synergies”
   • Intuition of optimal bidding: pg. 8

2. Identification
   • Empirical bidding problem (pp. 14-15). Role of “one-to-one” between cost vector, and bid vector
   • Identification argument (pp. 16-17)

3. Data and market description (Tables 1, 2)

4. Estimation: two steps
   (a) Parametric estimation of (multidimensional) bid distributions.
   (b) Infer costs from bids

5. Results
   • Parameterization of mean and variance of bids: pg. 40
   • Table 3; Figs 1, 2
   • Synergies (section 6.3)