

## Instructions

This is an experiment in the economics of market decision making. The instructions are simple, and if you follow them carefully and make good decisions, you may earn a **CONSIDERABLE AMOUNT OF MONEY** which will be **PAID TO YOU IN CASH** at the end of the experiment.

In this experiment we will create a market in which you will act as bidders for a fictitious commodity in a sequence of auctions.

### **In each auction:**

1. Each bidder will be assigned a value for the commodity to be auctioned. This represents the value of the good to you – what we will pay you for any item purchased. Your value is strictly private information and is not to be revealed to anyone else.
2. Each of you will be bidding in a separate market consisting of 3 bidders – yourself along with two (2) other bidders. Each of the other 2 bidders is assigned values for the good in the same way that your value was assigned.
3. Values for all bidders will be randomly drawn from the interval 0 to 100. Any value in this interval has an equally likely chance of being drawn. New values will be drawn before each auction.

### **Assignment rules and profit calculations**

Items will be allocated using the following “English clock” auction procedure:

1. You will not enter bids. Instead, a price clock is shown in the middle of the screen. In each round, the clock will begin at price 0, the lowest possible value for the item, and will count up by 2 every second.
2. When the price clock is moving, as long as you are willing to buy the item at the current price, you do nothing. You are counted as actively bidding on an item until you have dropped out. You can drop out by clicking the “DROP OUT” icon located at the bottom of the screen. Once you have dropped out of bidding, you cannot re-enter the auction until the next trading round.
3. Drop-out prices will be shown to every active bidder in your market as they occur.
4. The auction stops as soon as there is only one active bidder. This last bidder obtains the item and pays the price at which the next-to-last bidder dropped out. His profit is calculated as follows:

Profit = (value of the item) – (price at which the next-to-last bidder dropped)

If this difference is negative, it represents a loss.

### **Types of bidders and grouping:**

1. At the beginning of the experiment you will be randomly assigned as either an **A** or **B type**. Your type is fixed for the whole experiment. Each 3-bidder auction market will always contain **1 type-A bidder** and **2 type-B bidders** and the group match is random in each round.
2. In each auction when the type-A bidder gets the item, each of the two type B will incur a loss of 70. On the other hand, if a type-B bidder gets the item, the other two bidders (i.e., the type-A bidder and the other B bidder) incur no losses for that round.

Thus, when a type-A bidder gets the item, earnings for bidders will be as follows:

Type-A earnings = A's value – Price at which the next-to-last bidder dropped.

Type-B earnings = – 70.

And when a Type B bidder gets the item, earnings for bidders will be:

Type-B earnings for the High B bidder = B's value – Price at which the next-to-last bidder dropped.

Type-A earnings and other B player's earnings = 0.

### **More about the assignment rules and profit calculations**

1. In each round before the start of the auction, you will have the opportunity to Drop Out before the clock price starts to increase. Otherwise, choose CONTINUE.

If you choose to “DROP OUT NOW” the auction will proceed without you.

2. If more than one bidder chooses to “DROP OUT NOW,” they will bid in a “Second-Price Sealed-Bid” auction for the right to drop out before the clock starts. The procedure is as follows:

Each bidder submits a bid for the right to drop out. The bidder with the highest bid will drop out immediately and pays a price equal to the other persons bid (the 2<sup>nd</sup> highest bid) The remaining bidder pays nothing and enters the “English clock” auction.

A bidder's profit in each round is the sum of his/her earning (or loss) in the "Second-Price Sealed-Bid" auction and the "English clock" auction.

### **Balance and payments**

1. In the experiment you will receive a starting capital balance. Any profit earned by you in the experiment will be added to this sum, and any losses incurred will be subtracted from this sum. The starting capital credit balance, and whatever subsequent profits you earn, permit you to suffer losses in one or more auctions. However, if your balance at any time during the experiment drops to zero (or less) you will no longer be allowed to bid. Instead we will give you your participation fee and you'll be free to leave the auction.
2. At the end of experiment, your balance will be converted into Renminbi Yuan at the rate of ¥ 1 Yuan for every 10 experiment dollar. These will be paid to you in cash.
3. We will conduct 3 dry runs to familiarize you with the procedures and accounting rules. This will be followed by 25 rounds played for cash.

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Your bid has to be an integer and should not have fraction. The bidder with the highest bid obtains the item and pays a price equal to his own bid. His profit is calculated as follows:

Profit = (value of the item) – (highest bid)

If this difference is negative, it represents a loss.

In the case of ties - two or more bidders submit the same high bids - the computer will randomly determine who gets the item.

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Profit of the other two bidders are zero.

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## 实验简介

你所抽到的计算机编号为 \_\_\_\_号，请您入座相应的计算机。

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在本实验中，我们将会设计一个市场，你作为市场中的竞拍人参与一组拍卖。标的物是虚构的，你可以想象成任何对你有价值的物品。

### **在每轮拍卖中：**

1. 我们为每个竞拍人指定标的物的价值。这个价值表示标的物对于你的价值，即你拥有标的物后，我们会支付给你的价值。这个价值是你的私人信息，对其他任何人保密。
2. 每个市场中有 3 个竞拍者。每一轮中，你将与其他 2 个竞拍人随机组合成一个市场，一起参加拍卖。
3. 每一轮中，每个竞拍者的价值都随机的从 0 到 100 中抽取，每个数值取值机会相等。在每轮拍卖前，重新随机抽取价值。

### **拍卖规则及收益计算方法**

标的物将按“时钟拍卖”方式进行分配。

1. 屏幕中央会显示一个价格钟。每轮拍卖中，价格钟从 0 价格（即最低可能的价值）开始上升，每秒钟上升 2 单位。
2. 当价格上升时，如果你愿意以当前价格购买标的物，则不需做任何行动。你直到退出前，都属于“现存的”竞拍者。如果想退出，你可以点击屏幕底部的“退出”键退出竞拍。一旦退出，你将不能再进入本轮拍卖，而要等待下一轮拍卖。
3. 本拍卖中一旦有人退出，他/她的退出价会显示在现存竞拍者的屏幕上。
4. 当只有一个现存竞拍者时，拍卖结束。现存的竞拍者将获得标的物，并支付第 2 个退出者的退出价格。拍得物品的竞拍人的收益是：

$$\text{收益} = (\text{物品对你的价值}) - (\text{第 2 个退出者的退出价格})$$

如果收益是负，表示本轮拍卖你有亏损。

### **竞拍者类型及分组**



1. 实验开始时，你会被随机分配为 **A** 类型或 **B** 类型。你的类型在整个实验中是**固定不变**的。每个拍卖市场的 3 个竞拍者中，总有 **1 个 A 类型**和 **2 个 B 类型**竞拍者。每一轮拍卖的分组配对是随机的。

2. 每一个拍卖中，如果 **A** 类型竞拍者获得了标的物，则 2 个 **B** 类型竞拍者各损失 70。如果 **B** 类型竞拍者获得了标的物，则另 2 个竞拍者（他们是一个 **A** 类型和另外的一个 **B** 类型）没有损失。

综上，当 **A** 获得了标的物，各竞拍者的收益为：

A 的收益 = (物品对 A 的价值) — (第 2 个退出者的退出价格)

B 的收益 = -70

当 **B** 获得了标的物，各竞拍者的收益为：

获得标的物的 **B** 的收益 = (物品对他/她的价值) — (第 2 个退出者的退出价格)

A 和另一个 **B** 的收益 = 0

### **拍卖规则的进一步说明**

1. 在每轮拍卖一开始，你可以选择在价格钟上升之前“立刻退出”，或者选择“继续”。

如果你选择“立刻退出”，时钟拍卖将在剩余竞拍者中进行。

2. 如果不只一个竞拍者选择“立刻退出”，退出者将通过一个“二价预拍卖”来竞拍在价格钟上升之前退出的权利，程序是：

输入你对于退出权的出价，出价高的竞拍者将立刻退出，并支付另一个竞拍者的出价（即第二高的出价）；其他的竞拍者支付为零，并进入“时钟拍卖”。

竞拍人本轮收益为其在“二价预拍卖”和“时钟拍卖”中收益（或损失）的加总。

### **实验收支**

1. 实验开始时，你会得到一笔启动资金。每轮拍卖中你赚得的收益将加到这笔资金中，拍卖中的亏损也会从这笔资金中扣除。这些资金和收益允许你在一次或几次拍卖中有亏损。但是在实验中，如果你的资金小于 0，那么你将不允许再出价，请找实验主持者领取 10 元参与费，并可离开实验。

2. 实验结束后，你的实验资金将会按照 10:1 的比例转换为人民币，并以现金支付给你。

3. 我们将进行 3 轮不计入报酬的练习实验，让大家熟悉实验流程及支付规则。然后我们进行 25 轮以现金支付报酬的实验。

*还有其他问题吗？*

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### **在每轮拍卖中：**

1. 我们为每个竞拍人指定标的物的价值。这个价值表示标的物对于你的价值，即你拥有标的物后，我们会支付给你的价值。这个价值是你的私人信息，对其他任何人保密。
2. 每个市场中有 3 个竞拍者。每一轮中，你将与其他 2 个竞拍人随机组合成一个市场，一起参加拍卖。
3. 每一轮中，每个竞拍者的价值都随机的从 0 到 100 中抽取，每个数值取值机会相等。在每轮拍卖前，重新随机抽取价值。

### **拍卖规则及收益计算方法**

你的出价必须是整数。出价最高的竞拍者获得标的物，支付的价格等于他自己的出价。他的收益计算如下：

收益 = (物品对你的价值) - (最高的出价)

如果收益是负，表示本轮拍卖你有亏损。

如果出现平局——2 或 3 个竞拍者给出了同样的最高出价——那么计算机随机决定谁获得物品。

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当 B 获得了标的物，各竞拍者的收益为：

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