

THE  
NOBEL  
PRIZE

# ECONOMIC SCIENCES PRIZE 2020

•

Research that improves auctions  
in practice



# Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel

The Economic Sciences Prize was established by Sveriges Riksbank, Sweden's central bank.





# Who is rewarded with the Economic Sciences Prize?



The prize is awarded to a person or persons who have produced works of outstanding importance in the field of economic sciences.





## 2020 Economic Sciences Laureates

“for improvements to auction theory and inventions of new auction formats”



Paul R. Milgrom  
Born: 1948, USA



Robert B. Wilson  
Born: 1937, USA



# Different types of auctions

Which is best for the seller – to maximise the selling price or to get some more long-term benefit?





# Private values



When the different bidders have values that are entirely independent of each other, we call these “private values”.



# Common values



Common values are when the value of what is being sold is equal to all the bidders.



# Both private and common values

In most auctions, the bidders have both private and common values.





## Better auctions in practice



The laureates have not only devoted themselves to auction theory; they have also invented new auction formats.



THE  
NOBEL  
PRIZE

FOR THE GREATEST  
BENEFIT TO  
HUMANKIND

Nobel Prize Lessons