

JUSTIN E. BURKETT
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EDUCATION

Ph.D. Economics, University of Maryland at College Park, expected May 2012
B.A. Economics and Philosophy *Summa Cum Laude*, Washington Univ. in St. Louis, 2004

DISSERTATION

“Essays on Auction Theory”
Committee: Prof. Lawrence Ausubel (Chair), Prof. Peter Cramton, Prof. Daniel Vincent

FIELDS OF SPECIALIZATION

Primary: Auctions, Matching, Game Theory
Secondary: Industrial Organization, Econometrics

PAPERS

“Endogenous Budget Constraints in Auctions,” *job-market paper*
Presented at the 2011 North-American ESA Conference
“Allocative Externalities in Multi-Unit Auctions,” *working paper*
“An Ascending Auction Game with Budget Revisions,” *work in progress*
“Endogenous Budget Constraints in Auctions: An Experiment,” *work in progress*
(with Lawrence Ausubel and Emel Filiz-Ozbay)

TEACHING EXPERIENCE

University of Maryland:

Instructor, Methods and Tools for Econ. Analysis, Summer, Spring 2011; Fall, Summer 2010
Teaching Assistant, Economic History and Modern Development, Spring 2010
Teaching Assistant, American Economic History Before the Civil War, Fall 2009, Fall 2008
Teaching Assistant, Intermediate Microeconomic Analysis, Spring 2009
Teaching Assistant, Principles of Microeconomics, Spring 2008, Fall 2007

WORK EXPERIENCE

Consultant, Power Auctions, Washington D.C., 2009 – present.
Consultant, Burns & Associates, Washington D.C., 2006 – 2007
Consultant, EP&P Consulting, Inc., Washington D.C. 2004 – 2006

AWARDS

Roger and Alicia Betancourt Fellowship in Applied Economics, 2011
National Science Foundation Fellow at the Lindau Meetings of Nobel Laureates in Economic Science, 2011
Graduate Assistantship, University of Maryland, 2007 – present
Frank W. Taussig Award, 2005
Olin Prize for Economics, 2004
Phi Beta Kappa, 2004

REFERENCES

Prof. Lawrence Ausubel University of Maryland ausubel@econ.umd.edu (301) 405-3495
Prof. Peter Cramton University of Maryland pcramton@gmail.com (240) 479-9345
Prof. Daniel Vincent University of Maryland dvincent@umd.edu (301) 405-3485

DISSERTATION ABSTRACT

Part I: "Endogenous Budget Constraints in Auctions," Job-Market Paper

Budget constraints in auctions for valuable assets introduce strategic considerations for the bidders that are not present in the standard auction models. The existing literature argues that they are significant, in that important results from the standard auction literature no longer apply when budget constraints are present. A textbook example is that the well-known revenue equivalence theorem fails to hold in the presence of budget constraints. However, the models generating these results assume that the process generating the budget constraints is unaffected by a change in auction rules (i.e. the budget constraints are exogenous).

This paper investigates the consequences of modeling budget constraints as an endogenous choice. In my model, endogenous budget constraints lead to qualitative comparisons that closely resemble standard auction results without budget constraints. For example, when an independence condition is satisfied, revenue equivalence is restored between the first- and second-price auctions. The model builds upon the standard symmetric model of auctions for a single good to include principals responsible for deciding on the bidder's budget. Each principal optimally constrains its bidder in order to mitigate an agency problem. The model is also extended to consider situations where the principal sets hard and soft budget constraints and to allow for the signals in the model to be affiliated.

Part II: "Allocative Externalities in Multi-Unit Auctions"

When an auction's outcome affects the structure of some downstream market, the bidders' or firms' expectations about this downstream interaction presumably affect their valuations of the good being auctioned. For example, the auction may determine whether or not a new entrant is able to enter a market. This paper studies the consequences on revenue and efficiency of two auction formats when bidders' valuations depend on the identities of the other winners. Measured by total valuations of the firms, a sequential auction is shown to be more efficient than a sealed-bid uniform-price auction, because the information revealed after the first round of the sequential auction eliminates the externalities in the second round. However, one could argue that this is not the correct measure of efficiency in this situation, and I suggest an argument for the sealed-bid auction in this case. Comparative statics on the severity of the externality show two countervailing effects on revenue in the sequential auction. On the one hand, a more severe externality enables the first-round winner to discourage rival firms from winning in the second round and this motive raises bids; on the other hand, less severe externalities raise overall valuations and this raises bids. The two effects lead to ambiguous revenue rankings between the two auctions.

PERSONAL INFORMATION

Citizenship: U.S. Gender: Male