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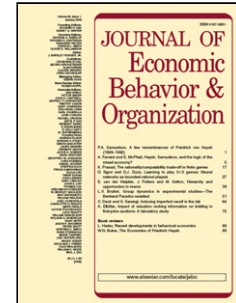
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# Efficiency in Auctions with (Failed) Resale\*

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## Abstract

The possibility of resale affects efficiency in multi-object uniform-price auctions with asymmetric bidders. We theoretically show that when the exogenous probability of a resale market is sufficiently low, final efficiency is lower than in an auction without resale. Our experimental design consists of four treatments that vary the probability that bidders participate in a resale market. Resale always increases efficiency compared to the auction allocation, but it also induces demand reduction by high-value bidders, which reduces auction efficiency. Consistent with theory and in contrast to what is usually argued, the possibility of resale may reduce final efficiency and changes in the probability of resale have a non-monotonic effect on efficiency. We also analyze bargaining chat data to provide insights into the functioning of resale markets.

**JEL Classification:** D44, C90

**Keywords:** efficiency, multi-object auctions, resale, asymmetric bidders, bargaining, economic experiments.

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