

Missing Bids

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Abstract

We document a novel bidding pattern observed in procurement auctions from Japan: winning bids tend to be isolated. We prove that in a general class of models, missing bids robustly indicate non-competitive behavior. In addition, we provide evidence that missing bids coincide tightly with known cartel activity. Finally, we show that missing bids are consistent with efficient collusion in environments where it is difficult for bidders to coordinate on precise bids.

KEYWORDS: missing bids, collusion, isolated winner strategies, cartel enforcement, procurement.

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