

# Discussion on Auction Formats

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# Reporting on the auctions

- Each bidder in the breakout group should tell the others:
  - 1 your signal.
  - 2 your bid in the first price auction.
  - 3 whether you bid in the descending auction, and if so what.
  - 4 who won each auction.
  - 5 the net profits of the winner.

# Optimal bidding principles

- The group should then discuss possible answers to the following questions:
  - ① Why does the winning bidder sometimes pay more for the oil rights than they are worth?
  - ② Is there any relation between optimal bidding in a first price sealed bid auction and a descending auction?