

Price & Choose

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Abstract :

We describe a sequential mechanism that fully implements the set of efficient outcomes in environments with quasi-linear utilities. The mechanism asks agents to take turns defining prices for each outcome, with a final player choosing an outcome for all: Price & Choose. The choice triggers a sequence of payments, from each agent to the preceding agent. We present several extensions. First, payoff inequalities may be reduced by endogenizing the order of play. Second, our results extend to a model without quasi-linear utility, to a setting with an outside option, robustness to max-min behavior, and caps on prices.