

Cramton, Peter; Gibbons, Robert; Klemperer, Paul

Dissolving a partnership efficiently. (English) Zbl 0632.90097
Econometrica 55, 615-632 (1987).

Summary: Several partners jointly own an asset that may be traded among them. Each partner has a valuation for the asset; the valuations are known privately and drawn independently from a common probability distribution. We characterize the set of all incentive-compatible and interim- individually-rational trading mechanisms, and give a simple necessary and sufficient condition for such mechanisms to dissolve the partnership ex post efficiently. A bidding game is constructed that achieves such dissolution whenever it is possible. Despite incomplete information about the valuation of the asset, a partnership can be dissolved ex post efficiently provided no single partner owns too large a share; this contrasts with Myerson and Satterthwaite's result that ex post efficiency cannot be achieved when the asset is owned by a single party.

MSC:

- [91A12](#) Cooperative games
- [91B26](#) Auctions, bargaining, bidding and selling, and other market models
- [91B32](#) Resource and cost allocation (including fair division, apportionment, etc.)
- [91B50](#) General equilibrium theory

Cited in **7** Reviews
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Keywords:

[mechanism design](#); [efficient trading](#); [fair division](#); [auctions](#); [public goods](#); [interim-individually-rational trading mechanisms](#); [bidding game](#); [incomplete information](#); [ex post efficiency](#)

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