

On Ex Post Individually Rational Partnership Dissolution

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Abstract

This paper considers efficient partnership dissolution with ex post participation constraints in a setting with interdependent valuations. We show for the case of negative interdependence that two-agent equal-share partnerships are always dissolvable by an efficient mechanism that satisfies Bayesian incentive compatibility, budget balancedness, and ex post individual rationality. We also discuss the relation to envy-freeness and ex post quitting rights.

KEYWORDS: mechanism design; efficient trade; ex post individual rationality; envy-freeness; quitting right; interdependent valuation.

This paper is available at:

<http://www.econ.hit-u.ac.jp/~oyama/papers/expostIR.html>

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