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Eliciting the Socially Optimal Allocation from Responsible Agents*

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Abstract

We consider designing a mechanism to allocate objects among agents without monetary transfers. There is a socially optimal allocation, which is commonly known by the agents but not observable by the designer. The designer possibly has information about the existence of *responsible agents*. A responsible agent, when indifferent between his objects at two different allocations, prefers the first allocation to the second if the first allocation is *closer* to the optimal allocation than the second, in the sense that all the agents who are allocated their optimal objects in the second allocation are allocated their optimal objects also in the first allocation, and there is at least one more agent in the first allocation receiving his optimal object. We show that, if the designer knows that there are at least three responsible agents, even if the identities of the responsible agents are not known, the optimal allocation can be elicited.

JEL Classification Numbers: C70, D71, D78.

Keywords: Nash equilibrium; implementation; responsible agents.

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