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**Efficient trading with nonlinear utility.** (English) Zbl 1232.91490

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Summary: In an environment in which agents have nonlinear utility and sufficiently asymmetric initial endowments, we show that efficient trading is achievable. This result is in contrast with [*R. B. Myerson* and *M. A. Satterthwaite*, *J. Econ. Theory* 29, 265–281 (1983; [Zbl 0523.90099](#))], which shows efficient trading is not possible if agents have linear utility and asymmetric initial endowments. Our result is also different from [*P. Cramton*, *R. Gibbons* and *P. Klemperer*, *Econometrica* 55, 615–632 (1987; [Zbl 0632.90097](#))], in which they maintain the linear utility assumption as in Myerson and Satterthwaite but assume that traders' initial endowments are relatively symmetric.

**MSC:**

[91B60](#) Trade models

[91B26](#) Auctions, bargaining, bidding and selling, and other market models

[91B16](#) Utility theory

**Keywords:**

[nonlinear utility](#); [efficient trading](#); [mechanism design](#)

**Full Text:** [DOI](#)

**References:**

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