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Presentation Title

Principled Mechanism Design with Evidence

(with Roland Strausz)

Abstract

We show how to cast mechanism design with evidence into the general framework of Myerson (1982) and obtain revelation mechanisms satisfying standard properties as immediate consequence of his generalized revelation principle. This unifies and clarifies various existing revelation results with evidence; in particular, it reveals their common but implicit assumption that evidence provision, though verifiable, is not contractually controllable. Extending mechanism design to controllable evidence, we demonstrate that, in general, control has value, even under evidentiary "normality," and we identify two sufficient conditions---one on the evidence structure, another on the allocation problem---for this value to vanish.

Keywords

Revelation Principle, Mechanism Design, Evidence, Verifiable Information, Contractible Action

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