

AGV Mechanism

- AGV is **efficient**, **strictly budget balanced**, but gives up **dominant strategies** and trades *ex post* for ***ex ante* individual rationality**.
- Explained in detail in the book, but the highlights:
 - allocation rule is the same as Groves
 - each agent i paid the *expected* utility of the other agents if i did not exist
 - based on the type distribution, not others' declarations
 - each agent charged $\frac{1}{n-1}$ of the payments made by the other agents