

Locally Robust Mechanism Design

Research Associate, Keio University
Chaowen Yu

Abstract

The purpose of this paper is to investigate locally robust implementability of a social choice function. Locally robust implementation captures the idea that the social planner knows the agents' beliefs well, but not exactly. It is known that in many economic models, almost all social choice functions are not locally robust implementable. However, by considering the replica economy, we show that, asymptotically, well-known mild conditions are sufficient for a social choice function to be locally robust implementable.

Keywords: local robustness, virtually implementation, large game

JEL Classification Numbers: D82