Barreto

Hist Econ

Mechanism Design: Organ Donation

*Rules*

12 players, one period at a time

Each person has one A unit (brain) and 2 B units (kidneys)

Players earn $1 for every period with an A and 2 B units (alive and healthy). When A fails (death), lose $1; when B fails, get 5 periods to get a replacement (you’re on a dialysis machine) and earn zero during that time and then die and lose $1

If you’re B unit fails, you hope to get a B unit from a person whose A unit failed, but B unit was working, AND who had agreed to donate

Low cost donors pay $0.40 and high cost donors $0.80.

What determines donor cost in real world?

*Some possible outcomes in a single period*



*Two Conditions to Compare*

Control condition: subjects waiting longest are first to get available B units.

Priority condition: subjects who had agreed to be donors would be given B units first.

In OrganGame.xls, F9 recalculates the sheet.

Set who is donor in A5:A16

Run Sims. Take good notes of results under different conditions—this is mechanism design!