

Designing Markets

Your Name

Market Design

Design rules and algorithms to improve market outcomes.

Why Markets Fail

- ▶ Congestion
- ▶ Incentives problems
- ▶ Information asymmetry

Diagnosing Failures

Identify inefficiencies and strategic behavior.

Design Tools

- ▶ Auctions
- ▶ Matching
- ▶ Pricing rules

Matching Mechanisms

Deferred Acceptance (stable matching).

Evaluating Designs

Efficiency, fairness, stability, incentives.

Applications

School choice, residency matching, housing, organs.

Tradeoffs

Fairness vs efficiency, simplicity vs optimality.

Takeaways

Good design improves welfare and allocation.