

Introduction to Market Design

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- Entrepreneurs and managers, legislators and regulators, lawyers and judges.
- Since 1990s Economists particularly game theorists
- These developments suggest the shape of an emerging discipline of design economics, the part of economics intended to further the design and maintenance of markets and other economic institutions.

Market design relation to game theory

- Game theory, the part of economics that studies the “rules of the game” provides tools to create a framework for design.
- In Market design we need to pay attention to institutional design.
- Success of Market design depends on a careful report about what we do, we often use the language of game theory.

Some markets that are designed

- Labor clearinghouses such as the one through which American doctors get their first jobs.
- Design of auctions through which the U.S. Federal Communications Commission sells the rights to transmit on different parts of the radio spectrum.
- Kidney Exchange.

Markets that need to be redesigned

- Market for healthcare.
- Credit default swaps settlement.
- Initial public offerings (IPO).

- THE ECONOMIST AS ENGINEER: GAME THEORY, EXPERIMENTATION, AND COMPUTATION AS TOOLS FOR DESIGN ECONOMICS. THE ECONOMIST AS ENGINEER: GAME THEORY, EXPERIMENTATION, AND COMPUTATION AS TOOLS FOR DESIGN ECONOMICS.
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