

Title: Multilateral Island Matching

Benoit Julien, UNSW Australia John Kennes, Aarhus University Moritz Ritter, Temple University

We analyze a model of multilateral matching with coordination frictions. As in Mortensen (2009), if matching is random and pricing is restricted to simple auctions without reserve prices, the decentralized equilibrium is generally inefficient. There is excess entry by sellers and hence not enough coordination. If the sellers compete by a broader class of auctions, sellers generally choose negative reserve prices and the equilibrium is constrained efficient.