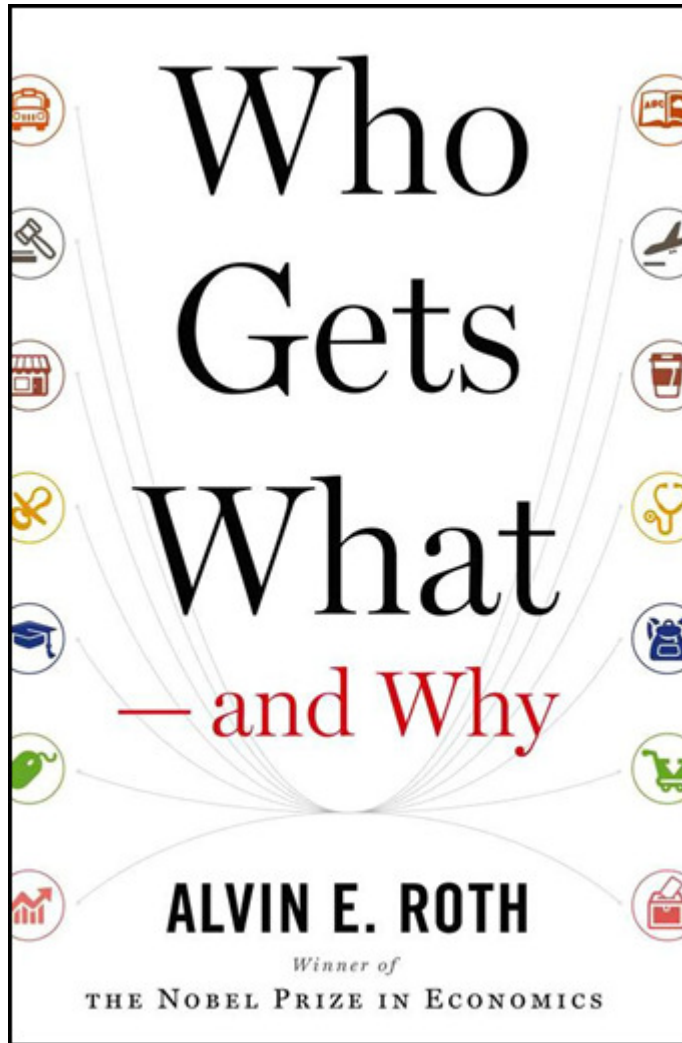


'Who Gets What' is instructive

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"Who Gets What – and Why: The New Economics of Matchmaking and Market Design," by Alvin E. Roth. New York: Houghton Mifflin Harcourt Publishing Co., 2015. 272 pages, \$28.



“One thing that all markets challenge participants to do is decide what they like,” Alvin E. Roth explains in “Every Market Tells a Story,” the introductory chapter of “Who Gets What – and Why: The New Economics of Matchmaking and Market Design,” the latest book by the Nobel Prize-winning author.

“Students have to consider which colleges will suit them, and colleges have to sort through thousands of applications. What often makes matching markets especially challenging is that everyone has to puzzle through not only their own desires but also those of everyone else and how all those other market participants might act to achieve their preferences.”

“College admissions officers aren’t simply trying to pick the best students,” Roth continues. “They’re trying to pick the best students who will choose to attend if admitted (and this involves considering where else those students have applied and whom those competing colleges are likely to admit). And so students have to try to signal not only how good they are but also how interested they are. In short, both students and colleges have to make decisions that depend a lot on those made by many other students and colleges. Decisions that depend on what others are doing are called

strategic decisions and are the concern of the branch of economics called game theory.”

Like many readers, I was saddened to learn of the recent passing of John Nash, the Nobel Prize-winning economist played by Russell Crowe in “A Beautiful Mind.” The Academy Award-winning adaption of Sylvia Nasar’s biography piqued my interest in Nash’s personal life as well as his professional accomplishments. If you read Nasar’s exquisite profile or saw the film, you know Nash was one of the originators of game theory – a foundational concept in “Who Gets What.” As such, I was excited when I ran across this offering in the new releases section at our local Barnes & Noble Booksellers.

The book is arranged in four sections: “Markets Are Everywhere,” “Thwarted Desires: How Marketplaces Fail,” “Design Inventions to Make Markets Smarter, Thicker, Faster,” and “Forbidden Markets and Free Markets.” As might be expected, the volume is meticulously researched with 16 pages of source notes at the conclusion of the 12 chapters that comprise the main narrative.

One of the key features of Roth’s literary style entails his ability to break down complex theories and models in a way that those without a sophisticated background or familiarity with the subject matter he deals with can almost immediately grasp the significance of the ideas he is advancing. Although I was initially skeptical I would be able to fully digest and appreciate where he was coming from, I found that the more I read, the easier it became to follow his arguments. Roth’s ability to explain the terms and idioms germane to his particular corner of economics was almost uncanny. Witness the following:

“The first task of a successful marketplace is bringing together many participants who want to transact, so they can seek out the best transactions,” Roth asserts in “Congestion: Why Thicker Needs to Be Quicker,” the sixth chapter and one of my favorites. “Having lots of participants makes a market thick. Congestion is a problem that marketplaces can face once they’ve achieved thickness. It’s the economic equivalent of a traffic jam, a curse of success.”

“It can be hard to notice how dangerous congestion is to a market, because most successful markets have found a way to deal with it, and most markets that can’t deal with it fail to become big and thick enough for us to notice them,” he continues. “Consider the matching market for putting children in public schools. New York City has lots of schools and lots of students, and the New York City Department of Education doesn’t have to worry too much about losing either. But the Department of Education did have to find a way to deal with congestion before it could do a good job of deciding who gets assigned to which schools. By looking at New York, we can see clearly the problems that congestion can cause and how they made summers hotter and longer for students waiting to be assigned to schools.”

Roth and Lloyd S. Shapley shared the 2012 Nobel Prize in economics for their work on “the theory of stable allocations and the practice of market design.” He has degrees from Columbia and Stanford and has taught at the University of Illinois, the University of Pittsburgh and Harvard. In addition to having more than 70 articles published in scholarly journals, Roth’s previous books include “Laboratory Experimentation in Economics: Six Points of View,” “The Shapley Value: Essays in Honor of Lloyd S. Shapley,” “Game-Theoretic Models of Bargaining” and “The Handbook of Market Design,” which he co-wrote with Nir Vulkan and Zvika Neeman. He is the McCaw Professor of Economics at Stanford University.

One reason I liked “Who Gets What” so much is because I was able to quickly discern the connection between his primary thesis and my chosen vocation, higher education. In fact, a lot of the case studies he presents deal with education at all levels – as well as several aspects of the medical profession. Roth is a co-founder of the New England Program for Kidney Exchange, an organization that utilizes game theory to provide a more efficient and effective system for matching organ donors with potential recipients. He describes his efforts in this area extensively in “Lifesaving Exchanges,” the third chapter in the book.

If you are one of those curious folks who is genuinely interested in how the world works, this is probably a book you should add to your reading list. I found the insights Roth offers up on virtually every page to be instructive in a wide variety of different contexts. I am sure many readers would have the same experience. I recommend “Who Gets What” highly.

— *Reviewed by Aaron W. Hughey, Department of Counseling and Student Affairs, Western Kentucky University.*