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Abstract

We conduct one of the first laboratory experiments and noncooperative analyses of the decentralized matching market with transfers (Koopmans and Beckmann, 1957; Shapley and Shubik, 1972; Becker, 1973). Some theoretical predictions align with but some differ from experimental evidence. Stable matching, which coincides with efficient matching in this setting, is the most frequent outcome. Theoretically neither factor should matter, but experimentally whether equal split is in the core and whether efficient matching is assortative determine the rate of matching, efficient matching, and surplus achieved. We also study the bargaining process and categorize the reasons why participants end up unmatched. Finally and most interestingly, for the matched ones, experimental payoffs coincide with the equilibrium payoffs of a multiplayer extension of Rubinstein (1982) bargaining model, providing the cooperative game with a noncooperative foundation.

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