

Repugnant, Forbidden...and Designed

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Outline

- ▶ Repugnant transactions
- ▶ Some examples with repugnant transactions
- ▶ Transactions with cash
- ▶ Kidneys exchange
- ▶ Market design
- ▶ Human artifacts

Repugnant Transactions

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- ▶ What is different between Negative Externalities and Repugnant?
- ▶ The opposite of repugnant transaction : Protected Transactions
- ▶ Can we buy horsemeat?

Forbidden the Repugnant Transactions

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Example

Prohibition of selling alcohol from 1920 to 1933 in United State.

Repugnance Changes over Time

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Other Examples

- ▶ Lending money with interest
- ▶ Surrogate mother

Transactions with Cash

Example

- ▶ Buying other's organs
- ▶ Soldiers pay substitutes

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Back to kidney exchange

Transactions with Cash

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- ▶ Objectification

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- ▶ Coercion

Transactions with Cash

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Back to kidney exchange

- ▶ Objectification
- ▶ Coercion
- ▶ Slippery slope

Repugnance to market design

How should we think about a situation where we have some kind of transactions which do not have the support needed to make a market to improve people's lives?

- ▶ Kidneys exchange example.

Kidneys exchange

- ▶ Learnings from Iran Market.
- ▶ Kidney must be a gift; by US law.
- ▶ Exchange does not end shortage by itself.
- ▶ Should kidneys be sold as a way of solving the shortage?
- ▶ Costs and benefits (savings) of market kidneys design, the debate.

Saving more lives with market design

Cash compensation

- ▶ Only rich can afford it.
- ▶ poor sellers desperate and coerced.

No cash compensation

- ▶ Incentives to donors: housing, travel expenses...

How donation would respond to kidneys is unknown.

Expanding Kidney Exchange

Ways to get a lot more transplants

Deceased-donor kidney - Incompatible patient-donor pair - Patient waiting a kidney for a deceased-donor

Global exchange

- ▶ Savings in money and time waiting.

Markets are human artifacts

- ▶ We can design them but not to control them.
- ▶ If we can not control them, we can try to ban them; people wanting to transact with one another is a powerful force.
- ▶ Lawbreaking.
- ▶ We can get more by moderating powerful forces than banning them.

Market design allows us to think about how to try to get the benefits of markets to the people who need them.