"Stable Assignments and Search Frictions" (joint work with Stephan Lauermann, University of Bonn)

Abstract: We study the limits of the steady-state equilibrium outcomes in an assignment problem with search frictions as the velocity of the search technology goes to infinity. We show that these limiting equilibrium outcomes are either stable outcomes of the underlying static assignment problem or feature excessive matching. We provide examples to illustrate the latter possibility and sufficient conditions that ensure the stability of limiting equilibrium outcomes.