

Whether and Where to Apply? Information and Discrimination in Matching with Priority Scores

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Abstract :

This paper considers a matching market where agents with privately known priority scores apply to acquire one good.

The analysis characterizes the Bayes-Nash equilibria, computes welfare ex-ante and interim, and discusses implications for market design.

Three main findings emerge. First, the symmetric equilibrium necessarily involves randomization between applications. Second, it exhibits a block structure: agents sort into a finite number of classes of neighboring scores where they use the same strategy. Third, the intermediate-score agents bear most of the inefficiencies, whereas the low-score agents may be better off under private information than under public information. In total, private information mitigates priority-based discrimination.