

Learning, Market Clearing, and Trading Institutions: Theory and Experiments,
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ABSTRACT:

We analyze the question of whether traders learn to coordinate in a trading institution that guarantees market clearing, or whether other market institutions can survive in the long run. While we find that the market clearing institution is indeed always stable under a general class of learning dynamics, it turns out that also other, non-market clearing institutions are stable. Hence, in the long run traders may fail to coordinate exclusively in market clearing institutions. The results of a general dynamic buyers-sellers model are also experimentally confirmed in the lab.