

Farsighted Stability for Roommate Markets

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Abstract

With a simple bi-choice graph technique we show that a matching for a roommate market indirectly dominates another matching if and only if no blocking pair of the former is matched in the latter. Using this characterization of indirect domination, we investigate farsighted von Neumann-Morgenstern stable sets. We show that a singleton is von Neumann-Morgenstern farsightedly stable if and only if the matching is stable. We also provide other results that give insights on the structure of farsighted von Neumann-Morgenstern stable sets.

JEL classification: C62, C71, C78.

Keywords: core, stable set, (pairwise) stability, roommate markets, farsighted stability.