

## Inequality-aware Market Design Seminar Series

# Zi Yang Kang: Optimal Redistribution Through Public Provision of Private Goods

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### Details

**When:** 10 Aug 2022 @ 17:00 GMT+2

**Where:** GRAPE

### Speaker this week

[Zi Yang Kang ↗](#)

Stanford University

**Zi Yang Kang** is a fourth-year graduate student at Stanford GSB. He's interested in theory, market design, and industrial organization.

**Abstract:** In this paper, I examine optimal in-kind and in-cash redistribution when consumers have access to a private market. I study a designer who has preferences over how a public option and a private good are allocated, but can allocate only the public option. The designer's allocation affects the distribution of consumers who purchase the private good—and hence equilibrium outcomes. I show that the resulting incentive constraints provide an alternative explanation of Director's law, which states that public provision tends to benefit the middle classes rather than the poor. I characterize the optimal mechanism and show that it can be implemented via a lump-sum transfer and a small number of rationing options. Finally, I show that access to a private market changes how inequality affects optimal redistribution: in particular, more inequality does not always favor the use of in-kind policies over cash transfers. Find the paper [here ↗](#).

Should you have any queries please contact the seminar organizers at [IMD@grape.org.pl](mailto:IMD@grape.org.pl).



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