

Strategy-Proofness, Peer Preferences, and Counterfactuals in School Choice

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Abstract

In school choice, strategy-proofness has been advocated on the grounds that, among others, it (i) reduces costs on the student side by making it unnecessary to collect information about the details of the situation; and (ii) allows accurate counterfactual simulations to assess alternative policies. This paper reexamines these merits of strategy-proofness by assuming that students care about other students attending the same school. Under this assumption, we show that the two merits of strategy-proofness become incompatible. We also discuss how these impossibility results translate into policy recommendations and alternative empirical strategies.

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