Abstract

We study coordination failures in many simultaneously occurring coordination problems. Players encounter one of the problems but have the outside option of migrating to one of the remaining ones. Drawing on the global games approach, we show that such a mobile game has a unique equilibrium that allows us to examine comparative statics. The endogeneity of the outside option value and of the migration activity leads to non-monotonicity of welfare with respect to mobility friction; high mobility may hurt players. We apply these "general equilibrium'' findings to the problem of the labor market during industrialization as described by Matsuyama [Increasing returns, industrialization and indeterminacy of equilibrium, Quart. J. Econ. 106 (1991) 617–650].

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