

*Behaviour, Incentives and Markets



Instructor: Professor Radovan Vadovič

From the moment we wake up until the time we go to bed our lives are governed by incentives. Some incentives are beyond our control (e.g., the urge to take a breath), but others can be altered or manipulated to achieve more favorable outcomes (e.g., the incentive to get a vaccine). This course surveys some of the modern theories of decision-making and explores the interplay between behaviour and incentives. The emphasis is on how the insights from economic and behavioural analysis are applied in practice. We will take the perspective of an economic engineer by first studying how individuals make decisions and then examining the performance of various incentive schemes across a broad spectrum of applications. Some of the questions we will look at are: how to best match students with schools; how governments should procure services to build roads or sell licenses to cell phone operators; why and how is selling real estate different from selling Internet ads; what are good ways of incentivizing reduction in carbon emissions; how to get people to contribute to charities; how to motivate people at their jobs; when to trust experts; or what can be done to increase election turnout. This course will take the science approach by relying on empirical evidence and experiments in particular to support claims and conclusions. Interactive games will be incorporated into the course.

Prerequisite: First year standing or higher. Prior course work in economics is not required.

Course Delivery: Synchronous online.