

INCENTIVES

Motivation and the Economics of Information

When incentives work well, individuals prosper. When incentives are poor, the pursuit of self-interest is self-defeating.

This book is wholly devoted to the topical subject of incentives from individual, collective, and institutional standpoints. This third edition is fully updated and expanded, including a new section on the 2007–8 financial crisis and a new chapter on networks as well as specific applications of school placement for students, search engine ad auctions, pollution permits, and more.

Using worked examples and lucid general theory in its analysis, and seasoned with references to current and past events, *Incentives: Motivation and the Economics of Information* examines:

- the performance of agents hired to carry out specific tasks, from taxi drivers to CEOs;
- the performance of institutions, from voting schemes to medical panels deciding who gets kidney transplants;
- a wide range of market transactions, from auctions to labor markets to the entire economy.

Suitable for advanced undergraduate and graduate students studying incentives as part of courses in microeconomics, economic theory, managerial economics, political economy, and related areas of social science.

Donald E. Campbell is the CSX Professor of Economics at the College of William and Mary, Virginia. Campbell received a BA from Queen's University in Ontario and his doctorate from Princeton, and previously taught at the University of Toronto for twenty years. He specializes in mechanism design and social choice theory and teaches advanced courses on incentives and information. He has written three books and over 100 articles in leading journals.

Incentives

MOTIVATION AND THE ECONOMICS OF INFORMATION

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For Maggie and Andre

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Preface to the Third Edition

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I dedicate this book to my two youngest grandchildren, Maggie and Andre. They make the world a better place, especially my world.