Incentives and Behaviour

Open-ended question

1. a and b. Question 1.a from Problem Set 5

   c. Show that why (high wage,low wage) = (0,0)is optimal when the principal wants to implement low effort.

   d. Question 1.f from Problem Set 5

2. Exact derivations from lecture on exploiting consumers 1 but only with time consistent consumers and time inconsistent naive consumers.