

# The 2017 Economics Prize

The Sveriges Riksbank Prize in Economics  
in Memory of Alfred Nobel

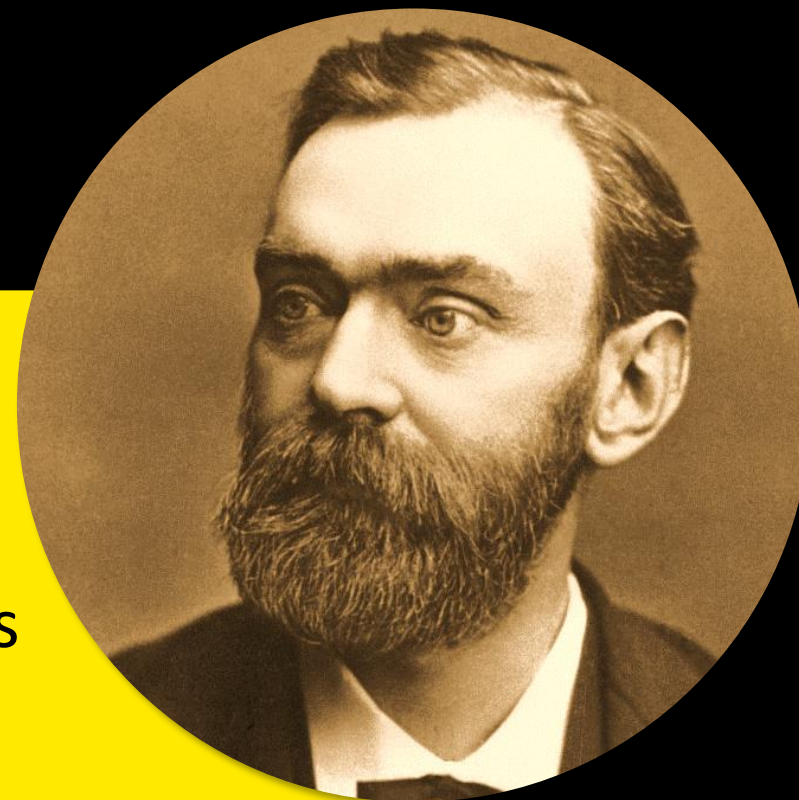


# Alfred Nobel

(1833–1896)



As a child, Alfred dreamed of becoming a writer, but his father had other expectations of him and his brothers.



# Dynamite

1867



Alfred Nobel invented dynamite, and during his life he managed to earn a lot of money from this invention.

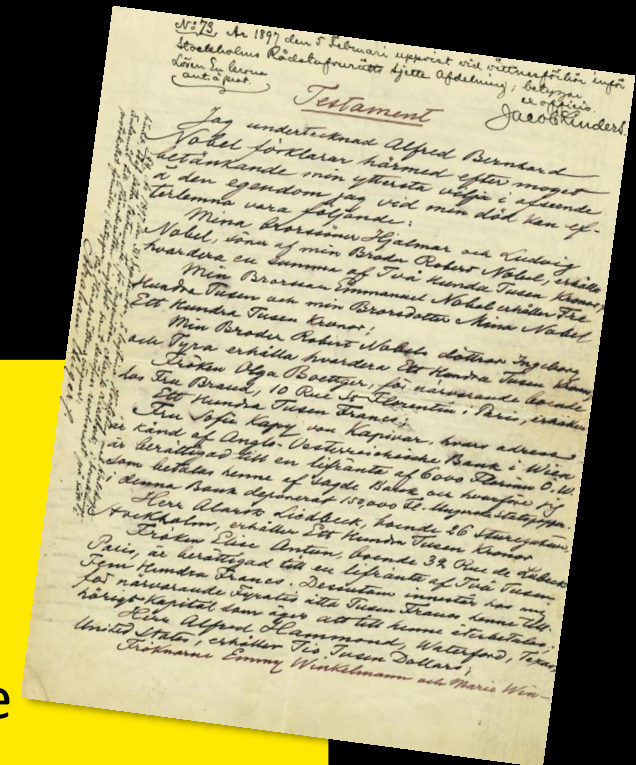


# The will

Alfred Nobel died on December 10, 1896



According to the will of Alfred Nobel, a yearly Prize should be awarded in five categories: physiology or medicine, physics, chemistry, literature and peace. The Economics Prize is thus not an original Nobel Prize. Instead it is a prize in memory of Alfred Nobel that was established by Sveriges Riksbank, Sweden's central bank.

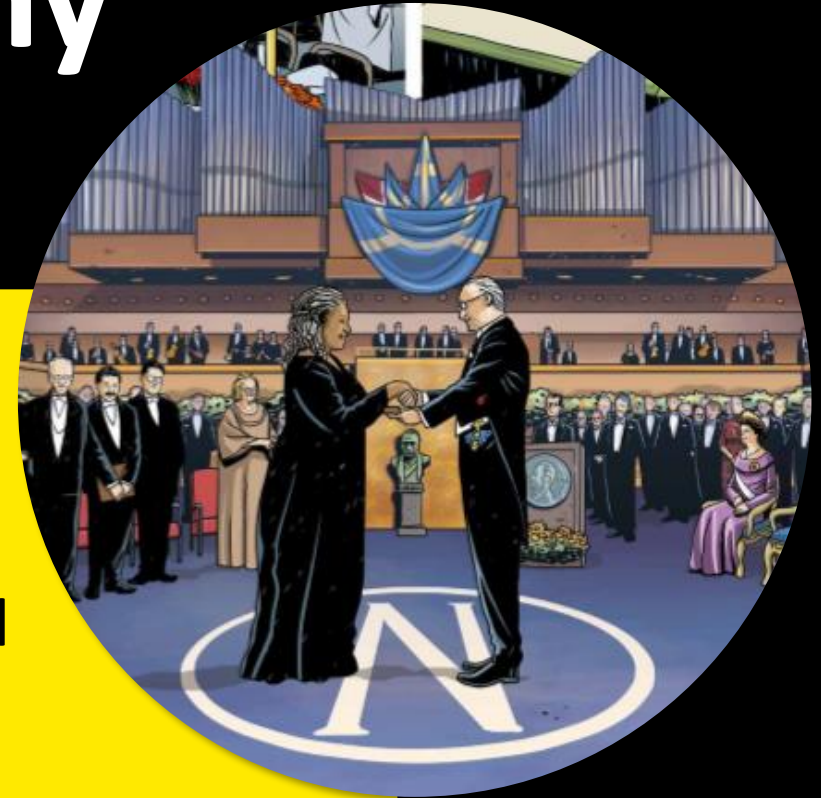


# Prize Award Ceremony

Nobel Day, December 10 each year



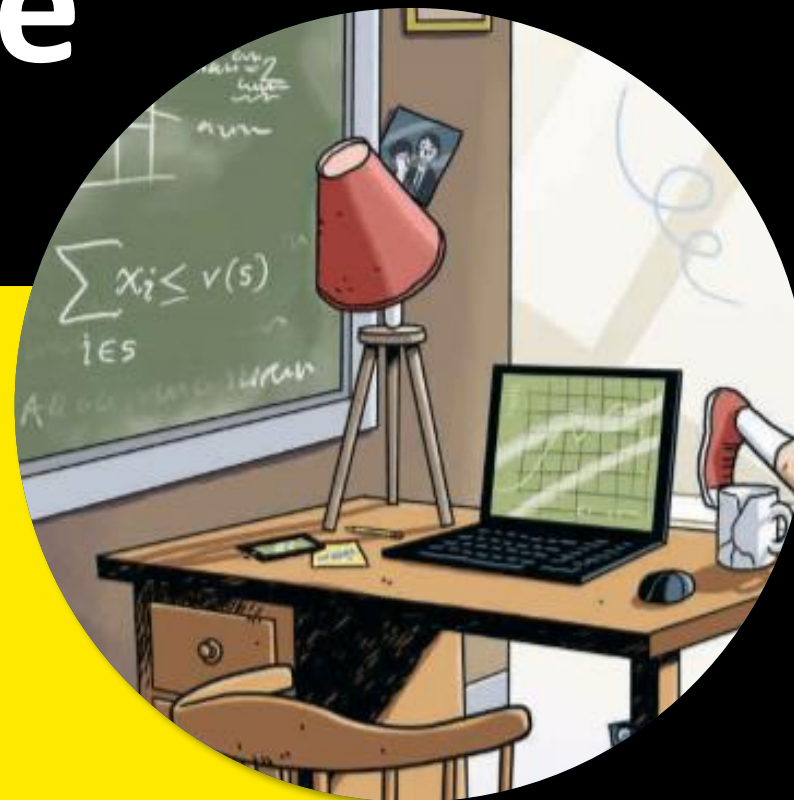
The Prize consists of a medal, a diploma and a sum of money. Sweden's King Carl XVI Gustaf presents the medal and diploma to each Laureate at Stockholm Concert Hall.



# The Economics Prize



The Prize in Economic Sciences was created later – in memory of Alfred Nobel. Sveriges Riksbank, Sweden's central bank, established the prize in 1968 with the help of a donation.



# Examples of earlier Laureates

The Economics Prize



**Economic governance by the commons, 2009**  
Elinor Ostrom



**Research on human decision-making, 2002**  
Daniel Kahneman

# Richard H. Thaler

The 2017 Sveriges Riksbank Prize in Economic Sciences in  
Memory of Alfred Nobel

*For his contributions to behavioural economics*



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# What affects people's decisions?

Thaler has done many experiments where he studied how people make choices in various situations, such as what they should buy or how they should save for retirement. His findings show that we are not always rational in our choices.

Here are three examples.



**Irrational  
decisions.**

# Mental accounting

When we need to manage our money and our choices, we create “mental accounts”.

Those who are saving for something big are often unwilling to take money out of their savings. If an unexpected expense occurs, we prefer to use a credit card instead of our savings.

This may cause us to pay more than we need to.



## Example 1

# Reasonable and fair

What we perceive as fair and reasonable – socially acceptable – affects our decisions, even if we lose out because of it.

For example, we will refuse to buy an umbrella from a salesman who raises his prices sharply because it is raining – even if this means that we will get wet.

## Example 2

# Lack of self-control

Together with other economists, Thaler has created models showing how poor self-control affects our decisions.

When we make decisions, we often prioritise a short-term reward over a larger, more long-term one.

## Example 3

# The benefits

Thaler's research findings give us insights about how our society can be organised to enable us to make better long-term decisions.

**Models for  
better decisions.**