

# Thaler: always nudging for good



Sharad Vyas

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Top honour: U.S. economist Richard Thaler reacts upon arrival at the University of Chicago Booth School of Business after winning the Nobel for Economics on Monday. | Photo Credit: Reuters

## At Booth, he personally prodded people towards rational decision making

Richard H. Thaler, founding father of behavioural economics and a professor at the University of Chicago Booth School of Business, is as much known for his 'nudge theory' as for personally prodding people towards rational decision making.

A celebrated economist within the Booth campus in the company of luminaries

like former RBI Governor Raghuram Rajan and Nobel laureate Eugene F. Fama, Mr. Thaler is known to autograph every single copy of his famed book *Nudge: Improving Decisions about Health, Wealth, and Happiness* with the words: "Nudge for Good".

## Big impact

Of all the important contributions he has made to the field of behavioural science, the Nobel laureate is least credited for 'nudging' the Booth administration towards making 'small design changes' to an outdated parking policy, which markedly affected the faculty behaviour at the premier business school.

"The thought of searching for a parking space during the bone-chilling Chicago winter was enough to deter many faculty from coming to lecture. This behaviour changed once we convinced the administration to construct a permanent parking floor for the faculty," he told this correspondent during one of the many interactive sessions last spring at Booth School of Business.

Once the parking floor was added to the basement at the Harper Centre, the Booth campus at Hyde Park, more faculty members started showing up for lectures regularly.

The U.S. academic, who won the 2017 Nobel Prize for Economics for his study on how human traits affect individual decisions as well as market outcomes, is credited with pushing for more and more economic models of human behaviour at Booth, an institute credited for its mathematical approach to economics.

## **Striking a balance**

“He along with a handful of others have helped maintain a much-needed balance in a very mathematical economic school of thought that relies on macroeconomic models to make predictions without accounting for human behaviour,” said a Booth student not wishing to be named.

Mr. Thaler is generally considered by the students to be easy-going and approachable, especially when responding to questions during lectures and teaching sessions.

*(The correspondent attended the spring semester in 2017 at the Booth School, along with six other journalists, as part of a global fellowship)*