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Exercise #4: “Incentives and Disincentives”

Objectives: This exercise is intended to have you focus on the use of incentives (and disincentives) as tools of government action. It asks you to provide a concise account of examples of their use by government to achieve an urban design policy (or any other type of policy that you choose).

Assignment: From the literature or your experience, select several examples of the government’s use of *incentives/disincentives* as a tool to implement a policy or plan. You should try to find examples of both *direct* and *indirect incentives* and *disincentives*. (Note that Pearce uses the terms *accounting subsidy* and *economic subsidy* instead of *direct* and *indirect*. Also note that the use of *direct* and *indirect* in this context is different from the way those words were used in the earlier readings.)

	Incentive	Disincentive
Direct	Example #1	Example #3 ^a
Indirect	Example #2	Example #4

Note: ^a When this literature distinguishes between *direct* and *indirect* it is usually with respect to incentives. It is less clear that the distinction can be usefully applied to disincentives, particularly *direct* disincentives. Nevertheless, attempting to find an Example #3 should highlight interesting attributes of the various tools.

Describe each example, making clear the role of the government in implementation. How effective has each example been in your view? Or, if it is an untried proposal, how effective is it likely to be?

As you do this exercise, please keep in mind the ideas presented in the readings about incentives.

Be very brief in your description. Again, our emphasis is to build a wide a dossier of good examples with appropriate commentary rather than to dig deeply. Several pages should be sufficient; less would probably be insufficient.