Dr. Stephan explores how public research organizations and scientists respond to incentives and costs. If incentives and costs are right, one can enhance productivity and use resources more efficiently. If they’re wrong, there are severe consequences for productivity and efficiency. She looks at how costs play a role in determining where, how, when and what research is done; who does the research; and the materials that are used. She discusses how the monetary and nonmonetary incentives shape the behavior of scientists and institutions. She closes with a discussion of examples of inefficient outcomes in science, including submitting papers to top tier journals, constructing new buildings, incentives that encourage scientists to be risk adverse, and “overproduction” of PhDs in a number of fields.