



Behavioural Economics

Reading Test

EXAMPLE

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Student

Time: *Approximately 1hour*

Two types of lesson

Lesson#1: [Easy] ***** [B2/C1]

1. Predict the content of the text by reading the title. Write down the key terms & ideas.
2. Read the text. Check the unknown words with a dictionary.
3. Answer the comprehension questions.
4. Check your answers with the provided key (pass mark is 70%).

Lesson #2: [Hard] ***** [C1]

1. Read the text without looking up any words.
2. Answer the comprehension questions.
3. Check your answers with the provided key (pass mark is 70%).

Teacher

Two types of lesson

Lesson#1: [easy] ***** [B2/C1]

1. Distribute **text 1 (without reference words underlined)** a week before the test. Students read, check vocabulary & meanings.
2. Test day. Distribute **text 2 (with reference words underlined)** & the **questions** (no dictionary or notes).
3. Set 1 hour to read the text & answer the questions.
4. Take in & correct or go through answers in class (pass mark is 70%).
5. Extra activity. Students write the *summary (add 30 minutes to the test).

Lesson #2: [hard] ***** [C1]

1. Test day. Distribute **text 2 (with reference words underlined)** & the **questions**.
2. Set 1 hour to read the text & answer the questions.
3. Take in & correct or go through answers in class (pass mark is 70%).
4. Extra activity. Students write the *summary (add 30 minutes to the test).

*Summary writing: www.academic-englishuk.com/summary

Behavioural Economics (Text 1)

By A. Watson (2022) **EXAMPLE**

Behavioural economics, a term coined by Richard Thaler in 2008, refers to the role that psychological, [redacted] in decision-making in an economic context. As detailed by Social Science Space (2017), the concept explores human traits and behaviours [redacted] motivation to show how they can affect individual, economic decisions. More broadly speaking, [redacted] actions [redacted] economic trends and outcomes, and even public policymaking (Partington, 2017).

Behavioural economics differs from traditional or classical economics in a number of ways. Firstly, behavioural [redacted] with beliefs, thoughts and choices which align with what benefit them the most and are shaped around new information. Instead, it [redacted] tendencies [redacted], and biases impact our decisions. Secondly, behavioural economics deals with the inconsistency [redacted] that humans are not always reasonable in their thoughts and actions, we are able to analyse the circumstances that led them to make mistakes, as well as the mistakes themselves (Economics Online, [redacted] [redacted] leave the EU. Some believe that intense emotions and strong impulsiveness, as in behavioural economics, [redacted] [redacted] the results were (Partington, 2017).

One of the key constructs of behavioural economics is nudge theory. Again coined by Richard Thaler, nudge theory [redacted] behaviour is influenced by small, subtle, and indirect suggestions, which can lead individuals to make a decision often at the benefit of an organisation or political party (Burt, 2019). The way [redacted] [redacted] to feel they are making wiser, more-informed decisions, yet still maintain their freedom of choice (ING, 2018). According to Pettinger (2022), effective nudges can reduce market failure, [redacted] make public services more cost-effective and easier for citizens to use, as well as create lasting change in [redacted] (Burt, 2019). Some well-known examples of successful nudges include the auto-enrolment pension [redacted] [redacted] appointments messages, and emphasising sugar content on food packaging. In particular, the default or [redacted], [redacted] subject to the status quo bias, that is to say, we prefer to leave things as they are, or are resistant to change (ING, 2018).

Despite the rise in both interest and application of behavioural economics, several criticisms have [redacted] towards its influence [redacted] nudging, or sludging, which is when a nudge is not transparent, misleading, not easy to opt out of, or not [redacted] in a waste of time and money, unconscious mistakes, and regrets (Burt, 2019; ING, 2018). A notable example could be the subprime mortgage [redacted] were urged [redacted] ggered the economic crisis of 2008, as homeowners were unable to make their payments once interest rates rose, [redacted] insurance in the UK, whereby thousands of customers were persuaded to take out cover for loans [redacted] unnecessary (Pettinger, 2022). Economics Online (2022) also argues that although small nudges might work [redacted] be subject to much more interference and

may not n [redacted], as much of the impact is short-term. It is crucial, therefore, that by affording people the autonomy to make better choices, there is always a risk they will not only be rejected if they [redacted] disclosure [redacted] are susceptible to exploitation (Burt, 2019; ING, 2018).

As to whether classical or behavioural economics is the ideal model continues to be debated, what is clear is [redacted] made a significant impact on both government and company policies. Whereas some claim classical [redacted] from reality, [redacted] and unethical, it is vital that a common ground is found, with maximum benefit from both models for [redacted] unpredictability (Economics Online, 2020).

Reference list

Burt, E., (2019). [redacted] (*without them even realising*) [online]. Available at: <https://www.peoplemanagement.co.uk/article/1742167/nudge-theory-change-employees-behaviour-without-realising> [Viewed 15.08.2022].

Economics Online, (2020). *Criticisms of Behavioral Economics* [online]. Available at: [redacted] [s/criticisms_of_behavioural_economics.html/](#) [Viewed 16.08.2022].

[redacted] *How is Behavioral Economics Different From Classical Economics?* [online]. Available at: https://www.economicsonline.co.uk/behavioural_economics/how-is-behavioral-economics-different-from-classical-economics.html/ [Viewed 15.08.2022].

ING Bank N.V., (2018). [redacted] [online]. Available at: <https://think.ing.com/articles/when-nudging-becomes-sludging> [Viewed 16.08.2022].

Partington, R., (2017). *What is behavioural economics?* [online]. Available at: <https://www.theguardian.com/world/2017/oct/09/what-is-behavioural-economics-richard-thaler-nobel-prize> [Viewed 14.08.2022].

[redacted] *Nudges* [online]. Available at: <https://www.economicshelp.org/blog/nudges/> [Viewed 16.08.2022].

Social Science Space, (2017). [redacted] [online]. Available at: <https://www.socialsciencespace.com/2017/10/founding-father-behavioral-economics-wins-nobel-prize/> [Viewed 15.08.2022].

Behavioural Economics (Text 2)

By A. Watson (2022) EXAMPLE

1. Behavioural economics, a term coined by Richard Thaler in 2008, refers to the role that psychological, [redacted] in decision-making in an economic context. As detailed by Social Science Space (2017), the concept explores human traits and behaviours [redacted] motivation to show how **they** can affect individual, economic decisions. More broadly speaking, [redacted] actions [redacted] economic trends and outcomes, and even public policymaking (Partington, 2017).

2. Behavioural economics differs from traditional or classical economics in a number of ways. Firstly, behavioural [redacted] with beliefs, thoughts and choices which align with what benefit **them** the most and are shaped around new information. Instead, **it** [redacted] tendencies [redacted], and biases impact our decisions. Secondly, behavioural economics deals with the inconsistency [redacted] that humans are not always reasonable in their thoughts and actions, we are able to analyse the circumstances that led them to make mistakes, as well as the mistakes themselves (Economics Online, [redacted] [redacted] leave the EU. Some believe that intense emotions and strong impulsiveness, as in behavioural economics, [redacted] [redacted] the results were (Partington, 2017).

3. One of the key constructs of behavioural economics is nudge theory. Again coined by Richard Thaler, nudge theory [redacted] behaviour is influenced by small, subtle, and indirect suggestions, which can lead individuals to make a decision often at the benefit of an organisation or political party (Burt, 2019). The way [redacted] [redacted] to feel they are making wiser, more-informed decisions, yet still maintain **their** freedom of choice (ING, 2018). According to Pettinger (2022), effective nudges can reduce market failure, [redacted] make public services more cost-effective and easier for citizens to use, as well as create lasting change in [redacted] (Burt, 2019). Some well-known examples of successful nudges include the auto-enrolment pension [redacted] [redacted] appointments messages, and emphasising sugar content on food packaging. In particular, the default or [redacted], [redacted] subject to the status quo bias, that is to say, we prefer to leave things as **they** are, or are resistant to change (ING, 2018).

4. Despite the rise in both interest and application of behavioural economics, several criticisms have [redacted] towards **its** influence [redacted] nudging, or sludging, which is when a nudge is not transparent, misleading, not easy to opt out of, or not [redacted] in a waste of time and money, unconscious mistakes, and regrets (Burt, 2019; ING, 2018). A notable example could be the subprime mortgage [redacted] were urged [redacted] ggered the economic crisis of 2008, as homeowners were unable to make **their** payments once interest rates rose, [redacted] insurance in the UK, whereby thousands of customers were persuaded to take out cover for loans [redacted] unnecessary (Pettinger, 2022). Economics Online (2022) also argues that although small nudges might work [redacted] be subject to much more interference and

may not n [REDACTED], as much of the impact is short-term. It is crucial, therefore, that by affording people the autonomy to make better choices, there is always a risk they will not only be rejected if they [REDACTED] disclosure [REDACTED] are susceptible to exploitation (Burt, 2019; ING, 2018).

5. As to whether classical or behavioural economics is the ideal model continues to be debated, what is clear is [REDACTED] made a significant impact on both government and company policies. Whereas some claim classical [REDACTED] from reality, [REDACTED] and unethical, it is vital that a common ground is found, with maximum benefit from both models for [REDACTED] unpredictability (Economics Online, 2020).

Reference list

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Economics Online, (2020). *Criticisms of Behavioral Economics* [online]. Available at: [REDACTED] [s/criticisms_of_behavioural_economics.html/](#) [Viewed 16.08.2022].

[REDACTED] *How is Behavioral Economics Different From Classical Economics?* [online]. Available at: https://www.economicsonline.co.uk/behavioural_economics/how-is-behavioral-economics-different-from-classical-economics.html/ [Viewed 15.08.2022].

ING Bank N.V., (2018). [REDACTED] [online]. Available at: <https://think.ing.com/articles/when-nudging-becomes-sludging> [Viewed 16.08.2022].

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Comprehension Questions

1. Headings: Choose a subheading for each paragraph. One title is not needed.

1		A	How behavioural economics can be unethical
2		B	
3		C	Conceptualising behavioural economics
4		D	
5		E	Why behavioural economics is the perfect model
		F	How behavioural economics

___ / 5

2. True / False / Not Given: One question per paragraph.

		T / F / NG
Paragraph 1		
i.	There are a number of different factors that can influence the decision-making process.	
Paragraph 2		
ii.	Behavioural are only affected by psychological realities.	
Paragraph 3		
iii.	Nudge theory is can have an impact on consumer action.	
Paragraph 4		
iv.	The use of evil nudging or years.	
Paragraph 5		
v.	Some is not morally just.	

___ / 5

3. Reference Words: What do these words connect to? (underlined> in the text).

Paragraph	Word	Connection
1	They	
2		
2	It	
3		
3	They	
4	Its	
4	Their	
4		

___ / 8

4. Open Answer Questions: One question per paragraph.

Paragraph 1		
i.	Excluding individuals, what THREE areas are impacted by behavioural economics?	
	1.	2. 3.
Paragraph 2		
ii.	According to areas are inconsistent?	
	1.	2.

Paragraph 3		
iii.	Give THREE [redacted] nudges.	
	1. [redacted]	2. [redacted] 3. [redacted]
Paragraph 4		
iv.	[redacted] evil nudging, sludging.	
	1. [redacted]	2. [redacted]
Paragraph 5		
v.	What TWO areas [redacted] had an effect on?	
	1. [redacted]	2. [redacted]

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5. Citations: Match the source with the point they make about behavioural economics.

Source		Point
Social Science Space (2017)	a.	Evil nudging, or sludging can lead to unintentional mistakes and remorse.
Economics Online (2020)	b.	[redacted] cost-efficient and straightforward public services.
[redacted] (2017)	c.	Behavioural economics analyses the situations that [redacted].
Pettinger (2022)	d.	Behavioural economics examines how human [redacted] making of individuals.
[redacted] (2019)	e.	It is emotions not logic that can help explain the result of [redacted].

i.		ii.		iii.		iv		v.	
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6. Key language: Search for the word in the paragraph that means:

Paragraph	Explanation	Word
1	The state of not using clear thinking.	
1	A result [redacted] or process.	
2	An argument or disagreement.	
2	A situation whereby two things do not agree.	
3	[redacted] paid.	
3	Feeling more in control of your life or a situation.	
4	[redacted] secrets.	
4	[redacted] or necessary.	
5	Having no emotional involvement or interest.	
5	Affecting [redacted] uncomfortable.	

___ / 10

Overall Total: ___ / 45

Comprehension Questions **ANSWERS**

1. Headings: Choose a subheading for each paragraph. One title is not needed.

1	<i>C</i>	A	How behavioural economics can be unethical
2	<i>F</i>	B	How people are prompted to make decisions
3	<i>B</i>	C	Conceptualising

ALL ANSWERS INCLUDED IN PAID VERSION...