



## Behavioural Economics

Reading to Writing Summary

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# Student

## Two types of lesson

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

1. Predict the content of the text. Write down key terms & ideas.
2. Read the text & check words & meanings with a dictionary.
3. Identify the key points and supporting details and complete the **outline**.
4. Write a one-paragraph summary of 200-250 words.
5. Check key points with the **completed outline** & **model answer** (try to achieve 4 key points and 4 supporting points).
6. Answer the critical thinking questions & check possible answers.

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

1. Read the text – no dictionary.
2. Identify the key points and supporting details and complete the **outline**.
3. Write a one-paragraph summary of 200-250 words.
4. Check key points with the **completed outline** & **model answer** (try to achieve 4 key points and 4 supporting points).
5. Answer the critical thinking questions & check possible answers.

# Teacher

## Two types of lesson

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

1. Distribute the text a week /day before the test. Students read, check vocabulary & meanings.
2. Test day: distribute a **new copy of text** and the **summary question**.
3. Set 1 hour to read the text, take notes and write a one-paragraph summary of 200-250 words.
4. Feedback<sup>1</sup>: take in and mark [[use our correction code\\*](#)].
5. Feedback<sup>2</sup>: distribute **completed outline** & **model answer**. Students compare with their own work.
6. Summary marking: **should contain at least 4 main ideas with support** – see **summary key points**.
7. Extra: critical thinking questions / group discussion (30 minutes).

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

1. Set 1 hour to read the **text** and write a one-paragraph summary of 200-250 words.
3. Feedback<sup>1</sup>: take in and mark [[use our correction code\\*](#)].
4. Feedback<sup>2</sup>: distribute **completed outline** & **model answer**. Students compare with their own work.
5. Summary marking: **should contain at least 4 main ideas with support** – see **summary key points**.
6. Extra: critical thinking questions / group discussion (30 minutes).

Correction code\*: [www.academic-englishuk/error-correction](http://www.academic-englishuk/error-correction)

## Behavioural Economics

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/](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].

## Summary: Key Points

Take notes on the key points of the text.

1. Main idea:
Support:
2. Main idea:
Support:
3. Main idea:
Support:
4. Main idea:
Support:
5. Main idea:
Support:

**Summary: Key Points (ANSWERS)**

Take notes on the key points of the text.

<p>1. Main idea: Definition of behavioural economics</p> <p>Support:</p> <ul style="list-style-type: none"> <li>• Behavioural economics (coined by Thaler, 2008) = “ [redacted], cultural and social factors play in decision-making in an economic context”.</li> <li>• [redacted]. 2 show how they can affect ind., econ. decs. (Social Science Space, 2017).</li> <li>• Behav. econ. = impacts [redacted] outcomes &amp; pub. policymaking (Partington, 2017).</li> </ul>							
<p>2. Main idea: How behavioural economics differs from traditional economics</p> <p>Support:</p> <ul style="list-style-type: none"> <li>• Disagrees [redacted] &amp; choices that [redacted] what bens. them.</li> <li>• Proposes that behav. [redacted] effect our decisions.</li> <li>• Considers the disparity btw desires &amp; outcomes. Hums. not always [redacted] acts so [redacted] as well as the oversights (Economics Online, 2020).</li> </ul>							
<p>3. Main idea: [redacted]</p> <p>Support:</p> <ul style="list-style-type: none"> <li>• [redacted] Richard Thaler.</li> <li>• Consr. behav. effected by “ [redacted] ” leading 2 ppl making decs. that ben. an org. or pol. party (Burt, 2019).</li> <li>• [redacted]. Makes [redacted] - informed decs while upholding their freedom of choice (ING, 2018).</li> <li>• Effec. nudges → ↓ market failure, ↑ [redacted] effec. &amp; [redacted] (Pettinger, 2022).</li> <li>• Effec. Nudges → change in [redacted] (Burt, 2019).</li> </ul>							
<p>4. Main idea: Criticisms of behavioural economics</p> <p>Support:</p> <ul style="list-style-type: none"> <li>• Evil nudging (sludging) = [redacted] to opt out of, or not in the consumer’s best interests, can result in a waste of time &amp; money, [redacted], [redacted]).</li> <li>• E.g, subprime mortgage deals &amp; mis-selling of [redacted] (Pettinger, 2022).</li> <li>• [redacted]. conds. but may not work in reality &amp; impact is short term (Economics Online, 2022).</li> <li>• Giving ppl [redacted] rejection [redacted] (Burt, 2019; ING, 2018).</li> </ul>							
<p>5. Main idea: A brief comparison of classical and behavioural economics</p> <p>Support:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;"><i>Behavioural economics</i></th> <th style="width: 50%; text-align: center;"><i>Classical economics</i></th> </tr> </thead> <tbody> <tr> <td>Imp. [redacted]</td> <td>Becoming + detached frm real wrld.</td> </tr> <tr> <td>Too intrusive and unethical.</td> <td>[redacted]</td> </tr> </tbody> </table> <p><b>Important</b> Mutual understanding [redacted] (Economics Online, 2020)</p>		<i>Behavioural economics</i>	<i>Classical economics</i>	Imp. [redacted]	Becoming + detached frm real wrld.	Too intrusive and unethical.	[redacted]
<i>Behavioural economics</i>	<i>Classical economics</i>						
Imp. [redacted]	Becoming + detached frm real wrld.						
Too intrusive and unethical.	[redacted]						

## Summary

**Task:** Write a 200-250 word summary on the key features of the text.

Word Count: \_\_\_\_\_

## Sample Summary: Behavioural Economics

Coined by Richard Thaler in 2008, behavioural economics explores the psychology of economic activity. The and their effect on individuals (Social Science Space, 2017) as well as societal actions (Partington, 2017). It proposes that not only impact decisions between aspiration and concept of behavioural economics is nudge theory. This proposes that consumer behaviour suggestions; often benefitting companies and governments (Burt, 2019). The method in which products are as choice to make informed decisions while protecting their freedom of choice (ING, 2018). Although efficient boost the productivity of are more economical (Pettinger, 2022), evil nudging where the nudge is not or not in the customer's best interest oversights and disappointment (Burt, 2019; ING, 2018), and as Economics Online (2022) claim, but they may to their short-term impact (Economics Online, 2022). Nevertheless, behavioural economics has had a the organisations (ibid).

240 words



### Critical Thinking Questions

i) What's the stance of the author? What is the evidence for this?

[2 points]

ii) Is this a credible article? Yes /no – why?

[2 points]

iii) Highlight four ideas in the text you would use for an essay on: *'The role of behavioural economics in today's society'*.

[4 points]

iv) Highlight two areas in the text that you question, disagree with or lack evidence.

[2 points]

## **Critical Thinking Questions ANSWERS**

i) What's the stance of the author? What is the evidence for this?

*The writer believes that both classical and behavioural economics have drawbacks, and in order to fully benefit society, a common ground with benefits from both models needs to be found.*

The writer states this in the conclusion:

- What is **clear** is that behavioural economics has **certainly** made a **significant impact** on both government and company policies.
- Classical economics is becoming more and more **detached from reality**.
- Behavioural economics is ...

**ALL ANSWERS INCLUDED IN PAID VERSION...**