**Economics of the Crisis - Behavioural Economics**

*Please follow the link to access the videos needed for each question.*

[**https://www.tutor2u.net/economics/reference/economics-of-the-crisis-behavioural-economics-head-start-in-a-level-economics**](https://www.tutor2u.net/economics/reference/economics-of-the-crisis-behavioural-economics-head-start-in-a-level-economics)

1. **Watch the Behavioural economics video 1 - can you think of any irrational beliefs you have that influence your decision-making processes?**
2. **Watch the default bias, social norms and framing video 2 -**

**What default biases do you have?**

**Availability heuristic - has any person that you know (or famous person) getting COVID particularly affected your view of the virus?**

**Social norms - why is it that taking risks with this virus is different to taking risks, say, by going skiing or even crossing the road?**

**Framing - To what extent do you think calling it distant socialising would have made a difference?**

1. **Watch the Herd Behaviour, Loss Aversion and Overconfidence bias video 3**

**Herd Behaviour - have you ever bought something just because others are doing so even though you didn’t need it and possibly didn’t want it?**

**Loss Aversion - why is it people feel so much worse about losing than winning?**

**Normalcy bias (Ostrich-effect) - why do you think people ignore evidence and break the lockdown?**

**Over-confidence bias (“hot hand fallacy”) - Has there been a time in your life when you think you suffered from over-confidence and made the wrong decisions?**

1. **Read** [**https://think.ing.com/articles/stand-back-and-deliver/**](https://think.ing.com/articles/stand-back-and-deliver/) **- why is trust so important to how an economy operates?**
2. **Watch the video 4 on zero risk bias and the messenger effect**

**Zero risk bias - How does zero risk bias explain hoarding?**

**The messenger effect - can you think of a time when your reaction to a message changed because it came from a different messenger?**

1. **Watch the video 5 on Behavioural nudges to improve public health during the crisis?**

**Choice architecture - have you seen any particularly effective and original ways of keeping social distancing going?**

**Nudges are best when they are easy, attractive, social and timely - can you think of any good nudges you have seen over the past few years?**

1. **Play ‘Make it disappear’ a few times and see how low you can get your time. Put your fastest time here!**