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### Response Paper #3

**6. Popularize it Connect the argument or theory in the reading to something in pop culture. Many popular movies, books, and video games either implicitly or explicitly involve philosophical issues. Explore some connection between the arguments in the article and works in pop culture in 500-ish words (1-2 pages).**

As Thaler and Sunstein demonstrate, biases have a strong influence on how we think and make decisions. Given there is a whole field of behavioral economics, there is a strong presence of biases and nudging in economics; however, I would like to specifically focus on the presence of a few of these biases in financial crises and the deterioration of our monetary system today. The biases I will draw on are availability and framing.

#### **Availability**

Thaler and Sunstein define the “availability heuristic” as “the likelihood of risks by asking how readily examples come to mind” and that it can be used to explain “public and private decisions to take precautions” (25). To begin, it is agreed upon that every generation encompasses a time span of about 20-30 years. Therefore, it is unsurprising that many notable financial crises/recessions occur every 40~ years.

#### **Notable Financial Crises:**

- 1893 = Panic of 1893
- 1929 = Stock Market Crash
- 1971 = Fall of Gold Standard
- 2007-2009 = Financial Crisis
- 2049 = [Predicted Future Crisis]

#### **Time Span**

- 1893 - 1929 = 36 years
- 1929 - 1971 = 42 years
- 1971 - 2007 = 36 years
- 2009 - 2049 = 40 years

Despite the fact that these crises inflict severe economic pain, they seem to happen every two generations or so, just enough time for people to forget and not learn their lesson from the last crisis, showing the availability heuristic in action.

## **Framing**

Now, it's important to acknowledge another reason why people might forget the economic pain and diminish the likelihood of risk by discussing the "framing heuristic." Thaler and Sunstein define framing as "the idea that choices depend, in part, on the way in which problems are stated" (36).

Stepping back for a moment, many economists agree that the economy is stimulated through spending, which is why the government gave stimulus checks during Covid. However, another critical element of economics is consumer perception, measured by the Consumer Confidence Index (CCI). For instance, if consumers are optimistic about the future, they will spend more. If they are pessimistic about the future, they will save more. Currently, the government wants consumers to spend, which is where framing comes in.

Currently, the US Dollar inflation rate is 8.2%~. This number is incredibly high as the target inflation rate is 2%. However, in the media, there is an overwhelming narrative of how strong the Dollar is compared to other currencies, pronouncing the Dollar has not been stronger than the Euro & Pound in more than 20 years. Currently, the Euro has an inflation rate of 9.9%~ and the Pound of 10.10%~. However, what is conveniently left out, is that the target US Dollar inflation rate is 2%. Despite the dire state of our economy, the government's use of framing seems to be working. The benchmark to decide if consumers are optimistic or pessimistic about the future is 100. In September 2022, the CCI was 108.0, an increase from August's 103.6.

Furthermore, an important note is that the US has been artificially exporting our inflation for decades through the PetroDollar, which increases demand for dollars and leads countries to hold investments in dollars, which the Euro and Pound do not have. Given how close 8.2% is to 9.9% or 10.10%, would the Dollar really be stronger than the Euro or Pound if the PetroDollar did not exist?

## **Conclusion**

Heuristics and biases are a tool to control the narrative, to influence how people absorb information and make decisions, and to garner control. The government wants to be in control, and if you control the money, you gain this wanted control. Therefore, it is no surprise that heuristics such as availability and framing are used in our financial system for the government's benefit and the public's disadvantage. Fiat currency is not sound money; it can be manipulated by governments to increase their control. However, there is an alternative, bitcoin, sound money which cannot be manipulated.

Crises happen when we have a failing of money, but we can't seem to grasp this long enough to make a change. On the first page, I left out a few key dates/numbers; however, I will now list them below:

- 1893 = Panic of 1893
- 1929 = Stock Market Crash
- 1933 = Executive Order 6102 (US gov't requiring citizens to turn in all their gold (all their sound money)).
- 1971 = Fall of Gold Standard
- 1974 = PetroDollar Enacted
- 2007-2009 = Financial Crisis
- 2049 = [Predicted Future Crisis]

### Time Span

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The bitcoin White Paper was published on October 31, 2008. If you sum  $10 + 31 + 2008$ , you get **2049**. With bitcoin, you get sound money; you get your “gold” back, reversing the precedent of EO 6102. Perhaps, we will finally realize the value of bitcoin and restore our monetary system 40 years after the most recent financial crisis in '09 in **2049**, no longer influenced by government “framing” and through a diminishing of the availability heuristic’s power to make us forget.