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We all know the common saying, “is the glass half empty or half full?”. The answer we choose can reflect our mood, our outlook or even our worldview. It is a test of perception, because we all know that the same amount of liquid is in the glass no matter how we phrase it. So why does our wording or phrasing affect our outlook?

Imagine you love really good red wine and these two options occur:

Option 1: someone places a glass in front of you and pours you half a glass of wine. You feel ok about this since you have some wine to drink. Maybe you even feel good about your glass of wine. The glass appears half full to you.

Option 2: now imagine instead the same person places a glass in front of you and pours it completely full. Just as you go to reach for it, the server grabs the glass back and pours out half of your wine and then places the half glass of wine on the table for you. Now you feel kind of upset, a few minutes ago you had a full glass of wine, now you only have half. Suddenly the glass feels half empty.

Even though both examples leave you with the same amount of wine, the emotional response is very different. In the first option you feel pretty good about the amount of wine you have and in the second option you are pretty upset that you didn't get the full glass of wine. Suddenly you realize that there is a big difference between having a glass that's half full and a glass that's half empty. This is a prime example of a behavioural trait in humans, which Behavioural Economics calls Loss Aversion [2].

Loss Aversion is the term used to explain the theory that humans strongly dislike losing things. Dan Ariely, the author of *The Upside of Irrationality*, puts it this way, “Loss aversion means our emotional reaction to a loss is about twice as intense as our joy at a comparable gain”. For example if you find \$50 on the street versus lose \$50 from your pocket, studies would suggest you would be twice as angry at losing \$50 compared to the joy you felt finding it [2].

This theory helps to explain why people struggle to give away old unused clothing, why people will pay \$10 more to save \$2, why gamblers become reckless and bid bigger and bigger hands when losing and even why people sometimes stay in unhappy relationships.

In fact it was first discovered in 1979 when psychologists Kahneman and Tversky studied the different effects of gambling on their students [1]. The explanation for this behavioural bias lies in a specific part of our frontal lobe called the amygdala. This area of the brain is mostly associated with negative emotions and behaviors. It is the amygdala that makes us feel loss as a negative emotion.

The next effect is called “Goldilocks effect” and is based on the theory that humans tend to settle on something in between when presented with three choices, regardless of what is being offered.

It holds true either it is a coffee cup size or magazine subscription, even in such mundane matters as picking socks, people overwhelmingly choose the middle option offered. The study carried out by the University of

Chester showed that out of the socks arranged either in a vertical or in a horizontal line people mostly chose the middle option. This fact holds true for choosing which door to enter in a big vestibule. People also like to drive in the middle lane of a three-lane highway.

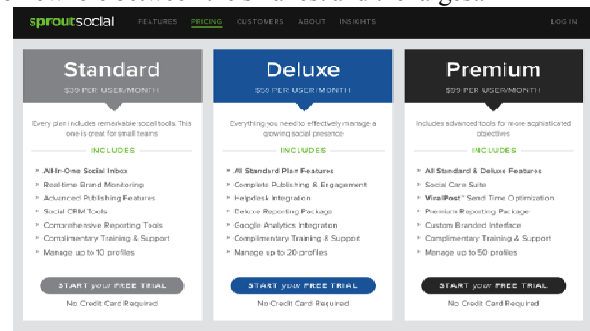
Even contestants in shows based on people's voting tend to be more successful if they are set in the middle. The bride and the groom at the wedding or Jesus Christ, a King or a Queen, all get the middle seats at a table in order to get more attention.

In the science Behavioural Economics this phenomenon is known primarily as the Centre Stage Effect. Of course companies have caught on to this, and are using it to sell their products. One of the best examples is about sizes of coffee cups. Most coffee shops will offer a variety of sizes. Most sizes offered are small, medium and large coffees. What is the most common coffee size sold? You guessed it – the medium. We think the small is too small and the large is just too big, so we settle on the medium choice being just right.

Even when you change the size of the coffee cups so the medium is now bigger or smaller than it was before, people will still overwhelmingly choose a medium coffee.



People don't tend to know how many ounces of coffee they want to drink, they just know they want a size relative to somewhere between the smallest and the largest.



Online subscription-based companies operate in a very similar way, often putting their most profitable subscription as the middle choice. In this example the ‘Deluxe’ package is the one they want you to choose. We do know that in the Western world people evaluate choices from left to right. Perhaps like Goldilocks, we think the first option is too cheap, too small, too cold, too limited and we think the third option is too expensive, too

big, too hot and too extensive – so we settle on the middle option being just right for us.

Conclusions. If we apply loss aversion theory to this problem we would conclude that a better solution is to discount all cars by the eco rebate amount, lets say \$1000

and then make anyone who buys a non eco friendly car pay \$1000 to the government after they purchase the car. People hate losing money so this technique might help convince people to be more environmentally friendly with their purchase.

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CHANGES IN THE CAPITALIST SOCIETY: A SHIFT TO POSTCAPITALISM

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During the period of globalization which is meant to lead to collaboration in various social spheres, development of trade, better chances for businesses and culture, however there are phenomena that seem to affect the market greatly and hinder its sustainable development. As it turned out, globalization did not play the positive role to some countries that were initially not ready to compete and make more effort to survive. The Greek crisis, plus the expectation that the banks would be nationalised, revived briefly a 20th-century dream: the forced destruction of the market from above. Despite the expectations of the left to build the economy beyond capitalism, the market destroyed the plan; individualism replaced collectivism and solidarity; the hugely expanded workforce of the world looks like a “proletariat”, but no longer thinks or behaves as it once did.

The reign of capitalism turns out not to be abolished by forced-march techniques. It will be abolished by creating something more dynamic that exists, at first, almost unseen within the old system, but which will break through, reshaping the economy around new values and behaviours. A lot of scientists have already come up with theories of a new social stage of development which will follow capitalism. They call this postcapitalism.

They consider postcapitalism possible thanks to the rapid development of information technology for the past 25 years:

1. it has reduced the need for work,
2. blurred the edges between work and free time,
3. loosened the relationship between work and wages.
4. First, the coming wave of automation will hugely diminish the amount of work needed – not just to subsist but to provide a decent life for all.

Second, information is corroding the market’s ability to form prices correctly. That is because markets are based on scarcity while information is abundant. As we know, the system’s defence mechanism is to form monopolies. But by building business models and share valuations based on the take over and privatisation of all socially produced information, such firms are constructing a fragile corporate building and don’t really care about the most basic need of humanity, which is to

use ideas freely. Monopolies will no longer exist due to the information based economies.

Third, we’re seeing the spontaneous rise of collaborative production: goods, services and organisations are appearing that no longer respond to the dictates of the market and the managerial hierarchy. The biggest information product in the world – Wikipedia – is made by volunteers for free, abolishing the encyclopedia business and depriving the advertising industry of an estimated \$3bn a year in revenue.

Many scientists believe it is the start of a new economy. In Greece, when a grassroots self-governing organization mapped the country’s food co-ops, alternative producers, parallel currencies and local exchange systems, they found more than 70 substantive projects and hundreds of smaller initiatives ranging from squats to carpools to free kindergartens. To mainstream economics such things seem barely to qualify as economic activity – but that’s the point. They exist because they trade in the currency of postcapitalism will be free time, networked activity and free stuff. It seems a meagre and unofficial and even dangerous thing from which in a global meaning, but so did money and credit in the age of Edward III.

We’re surrounded not just by intelligent machines but by a new layer of reality centred on information. Consider an airliner: a computer flies it; it has been designed, stress-tested and “virtually manufactured” millions of times; it is firing back real-time information to its manufacturers. On board are people looking at screens connected to the internet.

Nowadays the computer has acquired a multiple role: it has become a working place, a tool, a data base and a laborer. It has an information content and is adding “information value” as well as physical value to the world. On a packed business flight, when everyone’s peering at Excel or Powerpoint, the passenger cabin is an information factory. People on the plane

But what is all this information worth? A study for the SAS Institute in 2013 found that, in order to put a value on data, we must not think about the future income. A new era of accounting is at the door. It is the form of accounting that includes non-economic