

Social psychology current events assignment

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Christen See Social Psychology: The Economic Recession According to the financial definition, a recession is a significant decline in activity spread across the economy, lasting longer than a few months. It is visible in industrial production, employment, real income, and wholesale-retail trade. The technical indicator of a recession is two consecutive quarters of negative economic growth as measured by a country's GDP. (Dictionary. om) A less official and more realistic definition of an economic recession is the social perception of the state of the economy at a given time. The collective beliefs of the public, mainly businesses and consumers, drive the social perception of whether things are seen as positive or negative. Unfortunately there are social perception errors at play, often driven by the media, which influence the confidence to spend and effect the direction the economy will move. The media affects the public in many different ways.

Many people turn to the media for information because they feel that it is a credible and trustworthy source. The media takes advantage of the credibility speaker effect by using dramatic catch phrases and headlines to get people to seek out and pay attention to their information. (Newman, Lesson 8) These dramatic catch phrases often involve fear appeals; persuading people to watch by scaring them into thinking they have information they can not miss. (Newman, Lesson 8) This could be seen in the media before the economy was officially in a recession.

Headlines used to get attention influence the public perceptions of what is to come in the future. Most people cannot even begin to understand the complicated workings of the economy, much less be fully informed on the day to day facts of current conditions. Therefore, the availability heuristic, <https://assignbuster.com/social-psychology-current-events-assignment/>

making decisions based on what comes to mind most easily, is often influenced by the information that is read in the morning paper and seen on the evening news. (Newman, Lesson 9)

One major social perception error that has had an effect on the current recession is the self fulfilling prophecy. The self-fulfilling prophecy is a process where our expectations about someone or something make them act in ways that confirm our expectations. (Newman, Lesson 4) Typically this concept would be applied to how a person's expectation affects another person. I think that this four step process can be applied with the economy taking the place of the other person. First, there is an expectation that something is going to happen.

In this case, when the economy first started to have a down turn there became an expectation in many people's minds that a recession was sure to happen. Next, this expectation of an imminent recession changes people's behaviors. The behavior changed in this situation is consumers stop spending money deemed unnecessary. Third, the changed behavior then influences the person or thing initially judged. When consumers cut back on spending, businesses lose profit, expect further decline and in turn lay off employees.

Lastly, we see this behavior as proof of our original expectation. The increasing unemployment, closing of businesses and lack of other people spending confirm our original expectation of a recession. Before you know it this original perception error has helped guide the economy directly into a recession. Certain social perception errors help guide our economy in

negative ways as previously described. Fortunately, there are also psychological factors that guide individuals solely, that can help move the economy in a positive direction.

Self-awareness theory states that anytime we're forced to focus on ourselves, we automatically compare our behavior to our internal values and ideals. (Newman, Lesson 6) Currently, even the wealthiest people in our country have been keeping their wallets tight because of the fear of losing their wealth. This fear is driven by the fact that even people well off have lost everything. Eventually people's self awareness will create a need to focus on their ideals and move around the fear and begin spending money again.

Studies conducted by Roy Baumeister have shown that our capacity for self-control is like a muscle; if you tire it out; you are less able to control yourself in the future and may even react more extremely. (Newman, Lesson 6)

These phenomenons have been given the terms ego depletion and rebound effect. I think this applies to the people with jobs and the people with wealth in our country. Eventually this group of people will begin to feel bad for all of the people struggling and their spending self control muscle will weaken causing them to go out and begin spending money again.

The rebound effect may influence people to go out and spend money on big ticket items, such as homes and cars that will also have a positive effect on the economy. The social perceptions surrounding the recession are strong influences on every individual's personal economic decision making. Taking into consideration other influences such as the media, possible psychological

errors, and personal self awareness and control it is easy to see how the current mood is fairly negative.

With the cut back on incomes, the high unemployment rates, and the overall fear of spending our country's near future looks bleak. Putting the recession under the microscope of social psychology it seems that all that is needed is a changed social perception. The consensus needs to be positive and focused on things getting better. Seeing that the new Call of Duty game sold \$310M in one day in North America and Britain alone, there are signs that people are now willing to spend money on unnecessary things they really want.

Works Cited: Newman, Matt. (Fall, 2009). Lesson 4, Social Perception Errors. Social Psychology Newman, Matt. (Fall, 2009). Lesson 6, How does the Self Work? Social Psychology Newman, Matt (Fall, 2009). Lesson 8, Persuasion and Compliance. Social Psychology Newman, Matt (Fall, 2009). Lesson 9, Advertising. Social Psychology Recession. (n. d.). Investopedia. com. Retrieved November 13, 2009, from Dictionary. com website: <http://dictionary.reference.com/browse/recession>