

Worksheet

Name :		Subject:	Reading Comprehension
Class:	9 th grade	Date:	

Reading Comprehension

Read the text carefully, then choose the correct answer (A, B, C, or D).

The first thing we can take from economics is the importance of doing a cost-benefit analysis when making big decisions. Comfortable though we may be with making a list of pros and cons, we should recognise that it is actually a rather ineffective tool. Just one of the cons might easily outweigh all of the pros.

A cost-benefit analysis is something more sophisticated, which allows you to be more objective. For example, let's say that you have to decide whether to make a journey by train or aeroplane. The financial cost of each journey is obvious, but there are also other costs to take into account, such as the cost in your time, the cost in terms of how tired you'll be on arrival, the environmental cost, and so on. Give each of these a score out of five, and then weigh them up against the potential benefits, scored in the same way, and the choice becomes much easier.

There are also certain in-built human biases we ought to bear in mind, for example, something known as 'present bias'. Behavioural economics teaches us that people have a tendency to overvalue immediate rewards over long-term payoffs. A famous study showed that given the choice between receiving less money now or more money later, most people would choose the former, even though they'd end up less well-off. This is also the reason why people procrastinate, or why you should never go food shopping when you're hungry. Once aware of this tendency, however, you can make sure you avoid it. For example, if you put your money in a savings account where you can't get at it easily, you'll overcome the tendency to want to spend it straightaway, rather than wait.

Choose the correct answer:

20. What is the main idea of the text?
 - A) How to make a cost-benefit analysis and avoid present bias.
 - B) The difference between saving and spending money.
 - C) How to choose between travelling by train or plane.
 - D) Why people prefer short-term rewards.
21. According to the text, what makes a cost-benefit analysis better than a list of pros and cons?
 - A) It is quicker to complete.
 - B) It helps you be more objective.
 - C) It only considers financial costs.
 - D) It gives you fewer options.
22. Which of the following is **not** mentioned as a type of cost in a cost-benefit analysis?
 - A) Financial cost
 - B) Time cost
 - C) Emotional cost
 - D) Environmental cost
23. According to the text, what does "present bias" mean?
 - A) People prefer future rewards over short-term ones.

- B) People make decisions only with logic.
 - C) People prefer immediate rewards to long-term payoffs.
 - D) People avoid spending money quickly.
24. Which example shows “present bias”?
- A) Saving money in a locked savings account.
 - B) Buying food when you are hungry.
 - C) Scoring the pros and cons before deciding.
 - D) Comparing travel options carefully.
25. What is one way to overcome present bias?
- A) Spending money as soon as you get it.
 - B) Avoiding cost-benefit analysis.
 - C) Putting money in a savings account you can’t access easily.
 - D) Making lists of pros and cons before shopping.
26. What does the underlined pronoun “it” refer to in the sentence “Once aware of this tendency, however, you can make sure you avoid it”?
- A) The cost-benefit analysis
 - B) The tendency to spend money quickly
 - C) The savings account
 - D) The list of pros and cons
27. Which sentence from the text shows that a list of pros and cons is not always effective?
- A) “A cost-benefit analysis allows you to be more objective.”
 - B) “Comfortable though we may be with making a list of pros and cons, we should recognise that it is actually a rather ineffective tool.”
 - C) “You can make sure you avoid it.”
 - D) “The financial cost of each journey is obvious.”
28. Which expression in the text has the same meaning as “bear in mind”?
- A) Take into account
 - B) Be aware of
 - C) Think carefully
 - D) Keep track of
29. What lesson can we learn from understanding “present bias”?
- A) That saving money is pointless.
 - B) That long-term planning helps us make better decisions.
 - C) That people should not analyse their spending.
 - D) That pros and cons lists are always useful.

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No.	Correct Answer	Explanation
20	A) How to make a cost-benefit analysis and avoid present bias.	The text explains both concepts and how they help decision-making.
21	B) It helps you be more objective.	The text says a cost-benefit analysis “allows you to be more objective.”
22	C) Emotional cost.	This type of cost is not mentioned in the text.
23	C) People prefer immediate rewards to long-term payoffs.	That is exactly how “present bias” is defined.
24	B) Buying food when you are hungry.	The text uses this as an example of present bias.
25	C) Putting money in a savings account you can’t access easily.	This is given as a way to overcome present bias.
26	B) The tendency to spend money quickly.	“It” refers to the tendency (present bias) mentioned earlier.
27	B) ‘Comfortable though we may be with making a list of pros and cons, we should recognise that it is actually a rather ineffective tool.’	This directly states the ineffectiveness of pros and cons lists.
28	A) Take into account.	Both mean to consider or keep in mind something.
29	B) That long-term planning helps us make better decisions.	The text concludes that awareness of bias improves decision-making.