Research Synopsis

Project 12: Risk Perception and Behavioral Economics (John, et al.)

This project reviews the relevance of risk perception and behavioral economics research for disasters involving terrorism and conducts pilot studies in risk perception and behavioral economics.

Modeling Area: Risk Analysis, Economic Analysis
Case Studies Supported: Bioterrorism, Risk-Based Allocation
Principal Investigator: Richard John
Institution: University of Southern California
Other Investigators: Raphael Bostic, Chris Redfearn
Student Investigators: Heather Rosoff

Brief Description:
To assess the economic impacts of terrorism, it is important to understand how the public perceives terrorism risks and reacts to terrorist attacks. While there has been much research of public perceptions of health and safety risks and behavioral responses to them, there has been very little research on perceptions and behavioral responses to terrorism risks. This project will fill this gap both by reviewing existing literature and conducting some pilot studies. Larger studies will be conducted in collaboration with the other University Centers of Excellence, especially with the START center.

Objectives and Technical Approach:
This research will first review existing research on terrorism risk perception and examine the relevance of this literature and of the behavioral economic literature for terrorism policy. It will also conduct pilot studies to assess terrorism risk perceptions and to gauge behavioral responses.

Interfaces to other CREATE Projects:
This work will maintain close interface with the risk analysis and economics projects.

Interfaces to non-CREATE Projects:
The main interface will be with a major planned study of risk perception, conducted with funding from the Integrated Network of Centers (INC). The START center will be a key collaborator.

Major Products and Customers:
This is a more fundamental research area with no direct linkage to DHS or other government customers. We expect that the main initial customers of this research will be the economic analysts at CREATE and within DHS who will assess the economic impacts of terrorism, based on assumptions and scenarios about behavioral responses of the public.

Major Milestones and Dates:
• Review of risk perception literature relevant to terrorism -- March 2006.
• Pilot study on terrorism risk perception -- March 2006.
• Risk perception workshop (INC funded) -- June 2006.