

## Fictitious Book Cover

# 1 N A T I O N A L B E S T S E L L E R

“An interesting and informative read. I laughed a lot and learned a lot from the observations and explanations in this book.”

—Francine Finance, finance editor of the  
*Collegiate Journal of Economics*

# Economic Enigmas *Unraveled*

*Have you ever wondered...*

- why drive-up ATMs have Braille dots?
- why whales are in danger of extinction, but not cows?
  - why best-selling books cost less than books that are not best sellers?
  - why popcorn is more expensive in movie theaters than in grocery stores?

*These are all economic enigmas!*

**Economic enigmas surround us. Using the economic tools in this book, you will learn to decode the world around you.**

# Economic Enigma 1

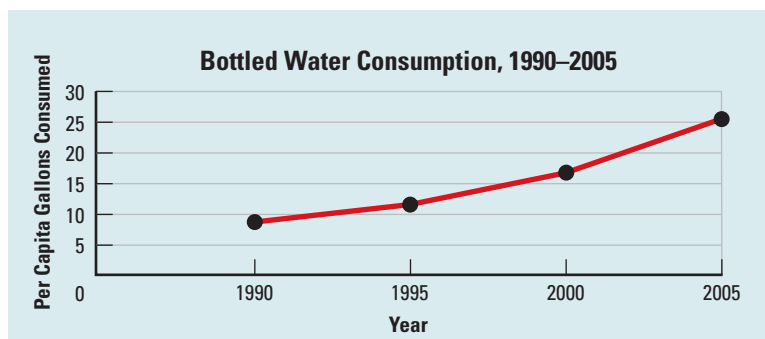
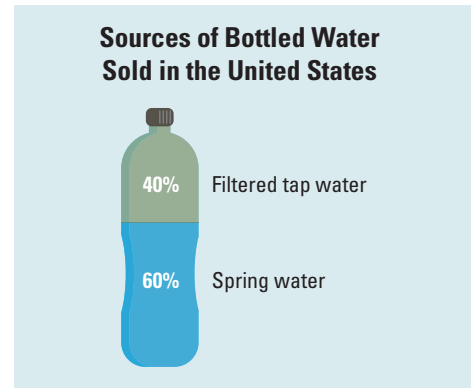
**Step 1:** Carefully consider the economic data below. After analyzing the graphs, table, and photograph, identify the economic enigma you think these data lead to.

**Relative Cost**  
What you get for \$10

4 water bottles and faucet filling a 1-gallon jug



1 gallon of bottled water (about 4 liters) or 1,000 gallons of tap water (about 5.5 years' worth)



**FDA Regulations for Bottled Water Versus EPA Regulations for Tap Water**

	Disinfection Required	Testing for Bacteria	Must Report Violations to State/Federal Authorities	Consumer Right to Know About Contamination
Bottled Water	no	once per week	no	no
Big City (100,000 or more people) Tap Water	yes	hundreds of times per month	yes	yes

Sources: American Museum of Natural History. Beverage Marketing Corporation of New York. Natural Resources Defense Council. Container Recycling Institute.

**Economic Enigma**  
**Why do people pay for bottled water when it is so much more expensive than tap water?**

**Step 2:** On your handout, list any principles of the economic way of thinking that help explain this enigma.

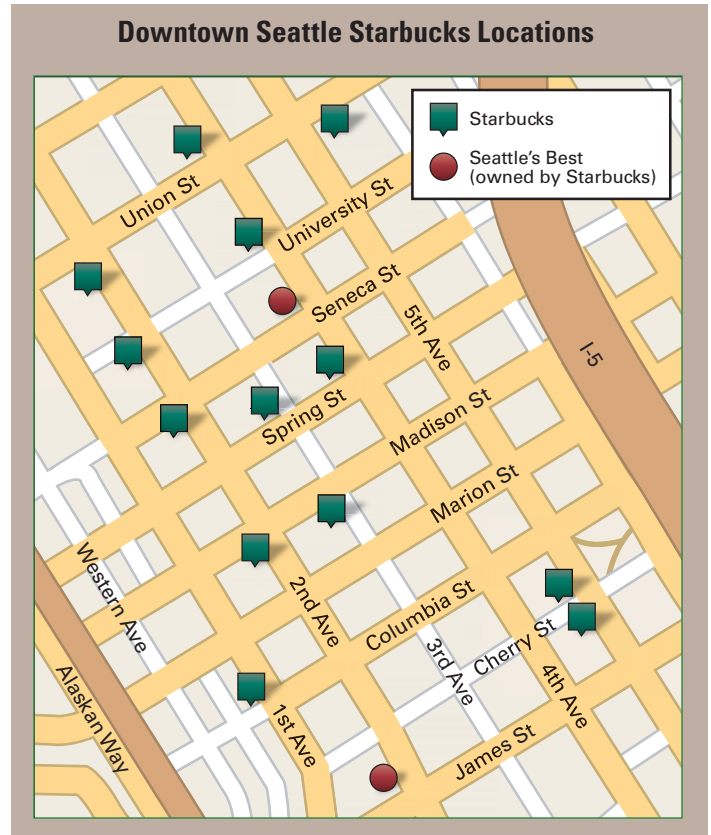
**Step 3:** Choose the one principle that you believe *best* explains this enigma. On your handout, describe why.

## Economic Enigma 2

**Step 1:** Carefully consider the economic data below. After analyzing the statistics, graphs, and cartoon, identify the economic enigma you think these data lead to.



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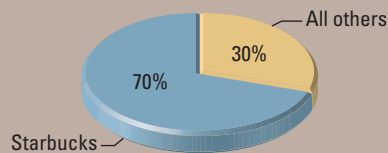
### Starbucks Information, 2006

New stores: 2,199  
(6 per day)  
Average revenue  
per store: \$633,000

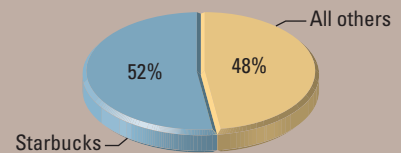


### Market Share Information

#### U.S. Coffee Cafe Revenue, 2005



#### U.S. Coffee Cafe Locations, 2005



Sources: Starbucks Coffee 2006 Annual Report. Specialty Coffee Corporation of America.

## Economic Enigma

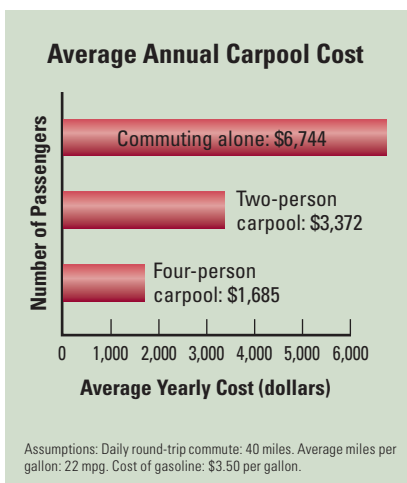
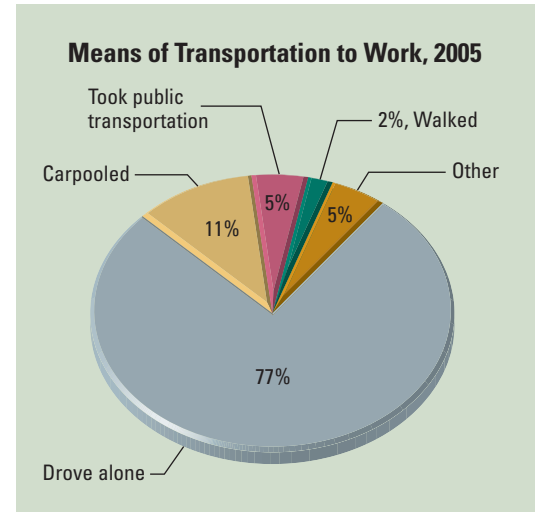
### Why are there so many Starbucks so close together?

**Step 2:** On your handout, list any principles of the economic way of thinking that help explain this enigma.

**Step 3:** Choose the one principle that you believe *best* explains this enigma. On your handout, describe why.

## Economic Enigma 3

**Step 1:** Carefully consider the economic data below. After analyzing the graphs, tables, and photograph, identify the economic enigma you think these data lead to.



**Seattle Traffic During Morning Rush Hour (6 A.M. to 9 A.M.)**

**Northbound I-5 at Corson Avenue**

Vehicles per Lane per Hour		Average Speed (mph)	
HOV Lane	Other Lanes	HOV Lane	Other Lanes
1,230	1,633	43.9	29.0

**Southbound I-5 at Corson Avenue**

Vehicles per Lane per Hour		Average Speed (mph)	
HOV Lane	Other Lanes	HOV Lane	Other Lanes
549	1,390	58.9	60+

Sources: U.S. Census Bureau. Washington State Department of Transportation.

**Economic Enigma**  
**Why don't more people carpool?**

**Step 2:** On your handout, list any principles of the economic way of thinking that help explain this enigma.

**Step 3:** Choose the one principle that you believe *best* explains this enigma. On your handout, describe why.