

## Economic Enigma 1

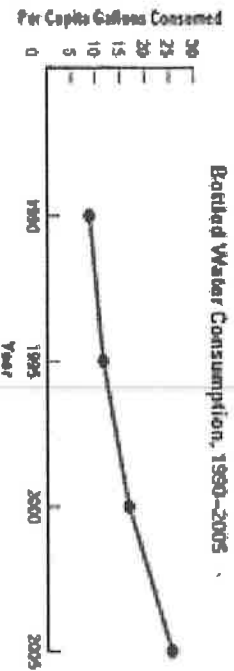
**Step 1:** Carefully consider the economic data below. After analyzing the graphs, table, and photograph, identify the economic enigma you think these data lead to.

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

4 water bottles and faucet filling a 1-gallon jug  
or  
1,000 gallons of tap water  
(about 1.5 years' worth)

**Sources of Bottled Water**  
Sold in the United States

Filtered tap water  
Spring water



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

	Disinfection Required	Testing for Bacteria	Lead, Pesticide Residues, or Other Chemicals	Consumer Right to Know About Additives	Contaminant Limits
Bottled Water	no	once per week	no	no	no
Big City (100,000 or more people) Tap Water	yes	hundreds of times per month	yes	yes	yes

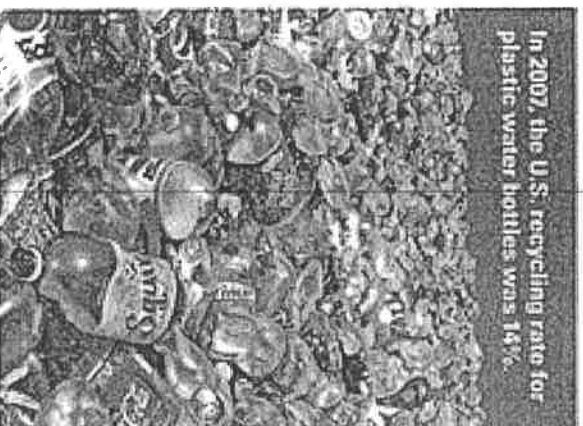
Source: American Association of Natural Health Products, National Natural Products Defense Council, Consumer Recycling Institute

### 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.



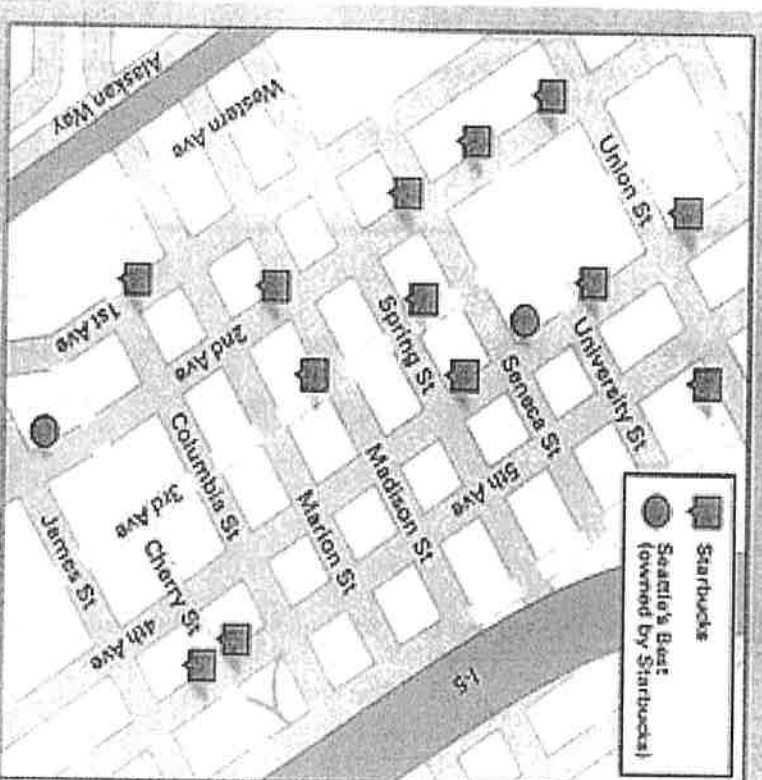
*"Are we in this Starbucks or the one down the street?"*

### Starbucks Information, 2006

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

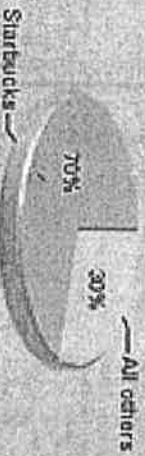


### Downtown Seattle Starbucks Locations



### Market Share Information

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

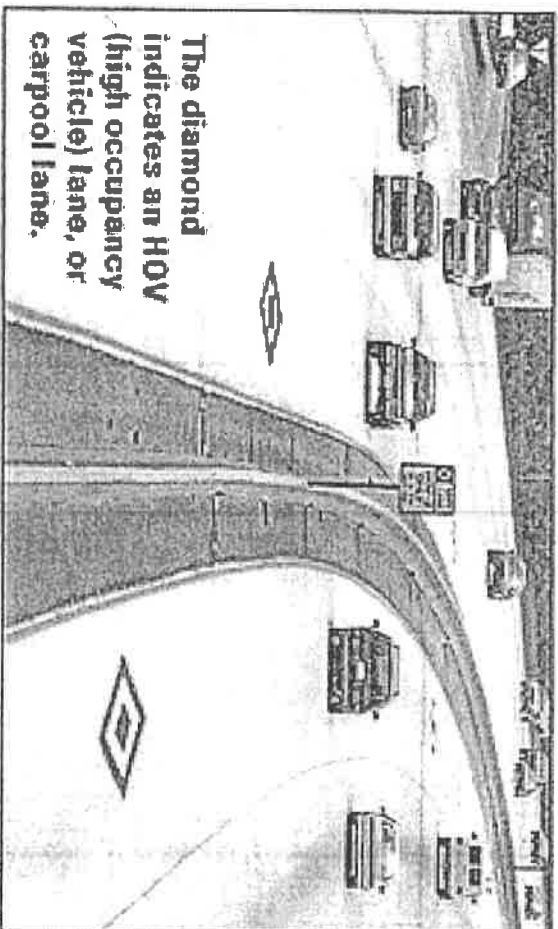


#### U.S. Coffee Cafe Locations, 2005

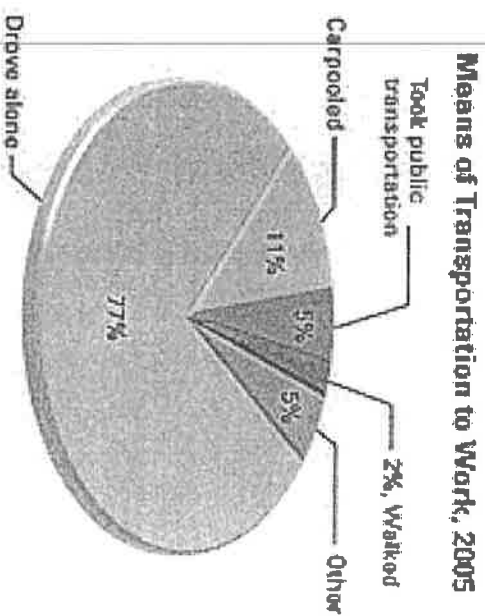


## Economic Enigma 3

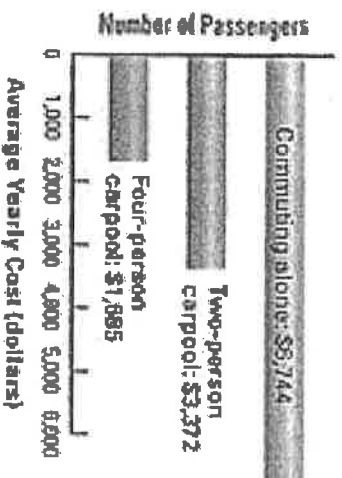
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The diamond indicates an HOV (high occupancy vehicle) lane, or carpool lane.



**Average Annual Carpool Cost**



Assumption: Daily round-trip commute 40 miles. Average miles per gallon 27 mpg. Cost of gasoline: \$3.50 per gallon.

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

**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+

