

Name: _____

Lesson 11

Period: _____

The Mystery of the Crazy Quilt Airfares

Directions. Read the *Handy Dandy Guide* and the mystery. Read the clues. Be careful.

While all the clues are correct, only some are *useful* in solving the mystery. Decide which clues are most relevant to solving the mystery. Use the clues and one or more of the ideas from the *Handy Dandy Guide* to figure out a solution to the mystery. Write your solution.

Handy Dandy Guide

1. People *choose*.
2. People's choices involve *costs*.
3. People respond to *incentives* in predictable ways.
4. People create *economic systems* that influence individual choices and incentives.
5. People gain when they *trade* voluntarily.
6. People's choices have consequences that lie in the *future*.

The Mystery

On a recent flight from Chicago to Tampa, Tim discovered that he had paid twice as much for his ticket as the woman seated beside him. Tim checked further, asking five other passengers about their tickets, and he found that each of the five had paid a different price. One person was flying “free” with frequent flier miles.

What is going on here? Why do different passengers pay different prices for exactly the same flight?

The Clues

1. It is legal for airlines to charge different prices to different customers.
2. To some individuals, an air ticket to Tampa is worth more than it is to other individuals.
3. Record numbers of people today travel by air.
4. People earn frequent flyer points for more than just flying. Car rentals, hotels, and even credit cards offer frequent flyer miles.
5. Internet ticket auction companies have changed ticket pricing.
6. Frequent flyers often take advantage of special sales. Non-members often miss out on these opportunities.
7. Airplanes today often fly at near full capacity. In the past, half-empty planes were common.
8. Airports around the nation are spending more money to improve security.

Record your solution and explain it briefly here:
