

Name: _____

Lesson 16

Period: _____

Why Everything but the Kitchen Sink Gets Stashed in the Overhead Luggage Bins on Airplanes

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

Airlines periodically clamp down on people who try to pass off small pianos or lawn mowers as carry-on luggage. It is easy to understand why the airlines get worried. Some passengers try to carry everything from banjos to lobster crates on board their flights. The heavy, awkward bags they stuff into the overhead luggage bins can be downright dangerous as they shift around during the flight or fall down on unsuspecting passengers when the compartment doors are opened.

But perhaps the passengers are not to blame. After all, if they check their luggage they incur a risk of losing it or having to wait a long time for it to show up at the luggage carousel. They also incur a risk of breakage or theft of valuable items.

To date, the solution proposed by the airlines is to do a better job of enforcing their rules about size-limits for carry-on bags.

In an industry sophisticated enough to deal with astrophysics, the coordination of schedules across multiple time zones, the vagaries of complex weather systems, and the mysteries of the microwaved omelette, is there really no good way to solve the on-board luggage problem? Can you use economic thinking to do better?

The Clues

1. Today, thanks to the new global economy, international air travel is growing faster than domestic air travel.
2. The Airline Deregulation Act of 1978 phased out federal control of airlines, in order to promote industry competition.
3. Some airline safety experts suggest that (because of the dangers created by falling luggage) airline passengers should be encouraged to wear protective helmets.
4. Many airlines have reduced the number of scheduled flights they offer and have come forward with special promotional deals in order to keep their planes full.
5. The problem with overhead luggage bins is that a passenger cannot purchase the right to use the storage space in the compartment above his or her seat.
6. Newer planes offer more space for carry-on bags than the older planes did.
7. Air travel was once considered a perk for the wealthy. Now it is a common mode of travel.
8. Major corporations have recently eliminated 1.5 million middle-and upper-management positions, sparking a corresponding decrease in business travel.

Record your solution and explain it briefly here:
