Teacher Answer Key

Case Study

1. The costs were concrete — $250,000 that could have bought a needed pumper truck — while the benefit was an unmeasurable absence: attacks that may never have been attempted. Bayport paid visible money for invisible protection, and the failed truck shows the opportunity cost was real.
2. Ruth's warning captured the ratchet logic: officials fear being blamed for a visible failure far more than for quiet overspending. The council bought insurance against catastrophic regret, not against a calculated probability — which is how much security spending actually gets decided.

Multiple Choice

1. A
2. D
3. B

Matching

1-D, 2-E, 3-A, 4-B, 5-C

Fill-in-the-Blank

1) Twenty-two, 2) Fee, 3) ratchet

Short Answer (Sample Responses)

Q1: Regulations require banks, ports, chemical plants, and truckers to spend on compliance, and those costs are built into prices across the economy. Consumers pay for security through slightly higher costs on ordinary goods, not just ticket fees.

Q2: Because success is an absence, officials cannot prove a budget cut is safe — but an attack after a cut would be politically fatal. Spending therefore ratchets up in crises and resists reduction, regardless of measured effectiveness.

Q3: Answers will vary. Strong responses take a clear position, weigh the $250,000 opportunity cost (the failed pumper truck) against catastrophic-risk insurance, and acknowledge the honest uncertainty in Ruth's file rather than claiming the answer is obvious.