Teacher Answer Key

Case Study

1. Better public health and fewer hospitalizations were two of the big ones, plus fewer workdays missed because people got sick.

2. Because the payoff lasts a lot longer than the bill does. The agency decided the long-run gains were worth more than what the campaign cost up front, so launching it was still the rational call.

Multiple Choice

1. A

2. D

3. B

Matching

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

Fill-in-the-Blank

1) Rational, 2) cost-benefit, 3) biases

Short Answer (Sample Responses)

Q1: A student might decide to study if the benefit of a good grade outweighs the immediate enjoyment of watching a movie, reflecting the long-term value of academic success.

Q2: A business might assess the costs of developing a new product and project the potential sales revenue. If benefits exceed costs, the decision to launch is rational.

Q3: Governments may choose to fund projects with high initial costs if the long-term benefits to public welfare, economic growth, or health outweigh those costs.