

YouTube Title: "Seinfeld Economics- TINSTAAFL" <http://www.youtube.com/watch?v=ie1XGT YueHw>

Video Length: 3:53 minutes

*The Economy Today* Chapter 1: Economics: The Core Issues

*The Economy Today* Learning Objective 1: How scarcity creates opportunity costs.

**Topics:** There is no free lunch

**Key Terms:** Economics, scarcity, production possibilities

### Summary

In this Seinfeld episode, Kenny gives Jerry a "free," brand-new Armani suit, and in return, Kenny tells Jerry he can take him out for dinner some time.

### Economic Application

Kenny goes to restaurants several times with Jerry and orders soup instead of "a meal," necessitating additional dinner dates. Jerry realizes that this is going to go on forever so ends it. As with all transactions, nothing is free and Jerry soon realizes that his "free" suit came with an extremely high opportunity cost.

### Multiple-Choice Question

The most fundamental concept in economics is "there is no free lunch" which means there is an opportunity cost associated with every decision. Which phrase best describes opportunity cost?

- a) A cost that has already been incurred and thus cannot be recovered.
- b) The pleasure or satisfaction obtained from a good or service.
- c) Changes in total costs associated with a decision.
- d) The most desired goods and services that are foregone in order to obtain something else.
- e) The full resource costs on an economic activity, including externalities.

### Discussion Question

What are Jerry's opportunity costs of accepting the "free" Armani suit?