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**ECONOMICS CLASS CORNELL NOTES TEMPLATE**

**Reading Title :** *Applied Economics Reading > Killer Cars And The Rise Of The SUV  
First page ( 144 ) example*

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**Key Terms / Vocabulary :**

**Outline Notes :**

*OPEC – A cartel of major oil producing countries*

*Cartel – 6 to 9 producers that control 80 to 90 percent of a market's output and set prices to maximize profit*

*CAFÉ – Corporate Average Fuel Economy*

*Subcompact – A small car that gets high mileage out of the gasoline it uses*

*Petroleum – Another word for oil*

*Student self - discovered words that they did not know. They used a dictionary to find the definition and then added it to their key vocabulary " word wall "*

*Economic theory in question and to be illustrated :*

*“ The costs are always higher than promised , and the benefits are always lower . ”*

*It “ backs up ” the claim by Greek Philosopher Phaedrus who said , “ Things are not always what they seem . ”*

*Background facts :*

- 1. Energy crisis of the 1970 s , when OPEC raised the price of oil = made the cost of transportation go up , forced people to think about conservation*
- 2. Congress passes laws forcing conservation .*

*How the CAFÉ standard works :*

- 1. Set fuel conservation / economy standards ( average Fuel consumption ) for auto manufacturers*
- 2. The standard was an average over all of an auto manufacturer's fleet of vehicles sold*
- 3. The standard set for 2005 was 27.5 miles per gallon*
- 4. Failure to meet the standard would cost an auto manufacturer \$ 5 per car for each 0.1 mpg it falls short*

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**Potential Critical Thinking Questions For The Self Assessment :**

- 1. Why and how does the OPEC cartel control the oil ?*
- 2. What other means of conservation could be considered besides the CAFÉ standard ?*