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**Table 1** Ten Principles of Economics

**How People Make Decisions**

1. People face trade-offs.
2. The cost of something is what you give up to get it.
3. Rational people think at the margin.
4. People respond to incentives.

**How People Interact**

5. Trade can make everyone better off.
6. Markets are usually a good way to organize economic activity.
7. Governments can sometimes improve market outcomes.

**How the Economy as a Whole Works**

8. A country's standard of living depends on its ability to produce goods and services.
9. Prices rise when the government prints too much money.
10. Society faces a short-run trade-off between inflation and unemployment.



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