

# T A B L E 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