**Economics Handy Dandy Guide**

*1.* ***People economize****.*  People choose the alternative which seems best to them because it involves the least cost and greatest benefit.

*2.* ***All choices involve cost****.*  Cost is the second best choice people give up when they make their best choice.

*3.* ***People respond to incentives****.*  Incentives are actions or rewards that encourage people to act.  When incentives change, people's behavior changes in predictable ways.

*4.* ***Economics systems influence individual choices and incentives****.*  How people cooperate is governed by written and unwritten rules.  As rules change, incentives change and behavior changes.

*5.* ***Voluntary trade creates wealth****.*  People can produce more in less time by concentrating on what they do best.  The surplus goods or services they produce can be traded to obtain other valuable goods or services.

*6.* ***The consequences of choices lie in the future****.*  The important costs and benefits in economic decision making are those which will appear in the future.  Economics stresses making decisions about the future because it is only the future that we can influence.  We cannot influence things that have happened in the past.