What Seven Principles Guide an Economic Way of Thinking?

- Scarcity-forces tradeoffs principle: Limited resources force people to make choices and face tradeoffs when they choose.
- Cost-versus-benefits principle: People choose something when the benefits of doing so are greater than the costs.
- Thinking-at-the-margin principle: Most decisions involve choices about a little more or a little less of something.
- Incentives-matter principle: People respond to incentives in generally predictable ways.
- Trade-makes-people-better-off principle: By focusing on what we do well and then trading with others, we will end up with more and better choices than by doing everything for ourselves.
- Markets-coordinate-trade principle: Markets usually do better than anyone or anything else at coordinating exchanges between buyers and sellers.
- Future-consequences-count principles: Decisions made today have future (and often unintended) consequences.