6 Core Economic Principles (Council for Economic Education) and Economic Questions

1. People Choose: We always want more than we can get and productive resources (human, natural, capital) are always limited. Therefore, because of this major economic problem of scarcity, we usually choose the alternative that provides the most benefits with the least cost. **Why did they . . .? What was scarce?** *Why did cigar workers decide to move to Tampa?*
2. All Choices Involve Costs: The opportunity cost is the next best alternative you give up when you make a choice. When we choose one thing, we refuse something else at the same time. **What did they give up by making that choice?** *What did they give up by making that choice?*
3. People Respond to Incentives in Predictable Ways: Incentives are actions, awards, or rewards that determine the choices people make. Incentives can be positive or negative. When incentives change, people change their behaviors in predictable ways. **What was the incentive? How did incentives change?** *What was their incentive to move?*
4. Economic Systems Influence Individual Choices and Incentives: People cooperate and govern their actions through both written and unwritten rules that determine methods of allocating scarce resources. These rules determine what is produced, how it is produced, and for whom it is produced. As the rules change, so do individual choices, incentives, and behavior. **What was produced? How was it produced? For whom was it produced? What rules determine who gets what?** *What were some of the written and unwritten rules about the ways in which scarce resources were allocated?*
5. Voluntary Trade Creates Wealth: People specialize in the production of certain goods and services because they expect to gain from it. People trade what they produce with other people when they think they can gain something from the exchange. Some benefits of voluntary trade include higher standards of living and broader choices of goods and services. **Why did people trade? What are the benefits of trade?** *How did trade impact the cigar industry? Who benefitted from trade?*
6. The Consequences of Choices Lie in the Future: Economists believe that the cost and benefits of decision making appear in the future, since it is only the future that we can influence. Sometimes our choices can lead to unintended consequences. **What are some of the unintended consequences of the choices?** *What were some of the unintended consequences (good and bad) of the cigar industry?*