

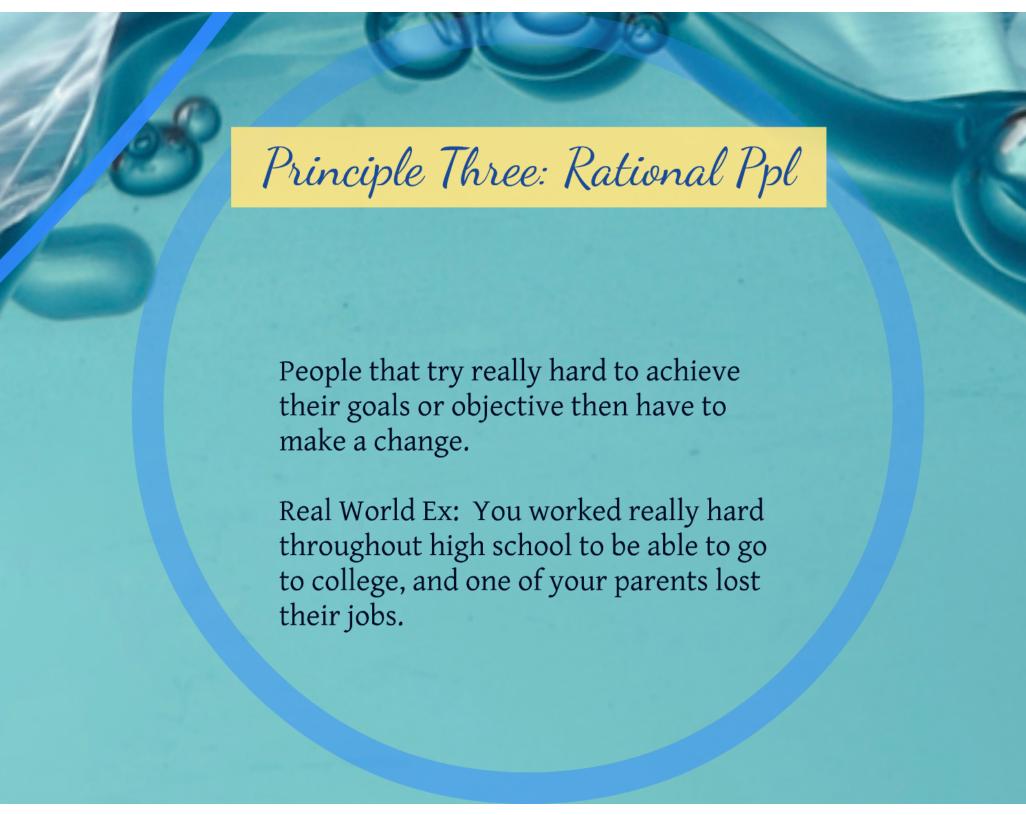






You have to make decisions requires the benefits and costs by alternative actions.

Real World Ex: You may have to move into a smaller house to benefit your kids schooling cost.



Principle Four: Incentives

Means something that induces a persons acts.

Real world Ex: People that are attending college maybe go into recession, then there will be fewer college students.



Principle Five: Everyone better off

Rather than being self-sufficient, specialize in producing goods and services.

Real World Ex: Customers benefit from trading money for foods

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Real V worki (Land



This is the firms, they're either a group of members of buyers or sellers

Real World Ex: The income from working that flows to the households. (Land,Labor< Capital)