**Ten Principles of Economics and How Markets Work**

**Purpose of Assignment**

In Week 1, students are introduced to the ten fundamental principles on which the study of economics is based. Throughout this course, the students will use these ten principles to better develop their understanding of economics and how society manages its scarce resources. Students will see how markets work using supply and demand for a good to determine both the quantity produced and the price at which the good sells. The concepts of equilibrium and elasticity are used to explain the sensitivity of quantity supplied and quantity demanded to changes in economic variables. Students will see how government policies impact prices and quantities in markets.

**Assignment Steps**

**Resources:***Principles of Microeconomics*, Ch. 1, 2, 3, 4, and 6.

**Prepare** an 875-word research paper as part of a marketing research committee for your organization about current microeconomic thought and theory.

**Identify**the fundamental lessons the Ten Principles of Economics teaches regarding:

* How people make decisions
* How people interact
* How the economy works as a whole

**Explain** the following to help the committee members understand how markets work:

* How society manages its scarce resources and benefits from economic interdependence.
* Why the demand curve slopes downward and the supply curve slopes upward.
  + Where the point of equilibrium is and what does it determine?
* The impact of price controls, taxes, and elasticity on changes in supply, demand and equilibrium prices.

**Format**consistent with APA guidelines.