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Microeconomics: Understanding Markets and Individual Choices

The **Economy for Life** project was developed to strengthen the economic and financial education of young Europeans aged 18–30 by providing them with clear, practical knowledge to help them function confidently in modern society. Studies show that economic education in schools and universities is often limited or absent, leading to widespread financial illiteracy among young adults. In response, this project sets three main goals: to promote equal access to training opportunities, to enhance the financial literacy of young citizens, and to foster a more prosperous, supportive, and sustainable European society.

As part of this mission, *Economy for Life* has produced a comprehensive **Basic Economy Handbook**, case studies, a glossary, and multimedia materials that explore five key areas of economic knowledge: **Macroeconomics, Microeconomics, Finance, Business, and Labour and Contract Law.**

This second block, **Microeconomics**, focuses on the smaller scale of the economy — the decisions made by individuals, consumers, and businesses. While macroeconomics looks at countries and global trends, microeconomics studies how markets actually work in daily life: how consumers choose what to buy, how companies decide what to produce, and how prices emerge from the interaction of supply and demand.

The block answers key questions such as:

- What determines the prices of goods and services, and why do they change?
- How do people decide between one product and another?
- What drives companies to innovate, expand, or reduce production?
- Why are some markets highly competitive while others are dominated by a few large firms?
- How do wages, profits, and productivity relate to one another?

By addressing these issues, learners gain insight into how individual choices shape market outcomes and how markets, in turn, influence daily life. The text explains how businesses calculate costs, how competition encourages efficiency, and how innovation and consumer preferences guide the economy forward. It also explores how prices reflect both scarcity and value, illustrating the invisible mechanisms that connect production, consumption, and well-being.

Importantly, **microeconomics** sheds light on the balance between efficiency and fairness in modern economies. It examines how income, wages, and opportunities are distributed, and how policies or business models can make markets more inclusive. Through examples and practical exercises, this block connects theory with real situations — why similar products have different prices, how technology reshapes industries, or why some sectors grow faster than others.

Understanding these mechanisms enables young adults to become more conscious consumers and responsible economic participants. It helps them make better decisions

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— whether choosing a job, starting a business, or managing their finances — and to recognise how their personal choices contribute to a wider, interconnected economy.

For more information and access to all project materials, visit: https://economyforlife.eu.

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