Economic analysis helps understand economic functions and people's choices, assuming people act predictably to pursue goals like max satisfactions or profit.

Its key method is marginal analysis: more of an activity brings gains if extra benefits > extra costs.

Economists use simplified theories (to explain vairables like prices) and models (built on assumptions. "businesses seek profit") - they use logic/graphs to predict economic change impacts, ignoring some details. The "ceteris paribus" principle controls unrelated factors.

Rational behavior means ~~action~~ acting when benefits beat costs; ~~sa~~ scarcity means gaining one thing requires giving up another.