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- Economic analysis aims to understand how the economy functions and how individuals make chioces under constraints, based on the premise that behavior is predictable and goal-oriented.

1. Marginal Analysis: A method of decision-making that involve comparing the extra benefits and extra costs of an activity. if the additional benefits exceed the additional costs, it's benéficial to do more of that activity.

2. theories and Models: Economists use theories (frameworks to understand cause-and-effect) and economic models (simplified representations of economic sectors) to explain relationships between economic variables (quantities that change, like prices or employment).
   - Models rely on simplifying assumptions to isolate key relationships, even if this mean ignoring some real-world complexity
   - principle of ceteris paribus (other thing being equal) is used to analyze the effect of one variable by holding all other constant.

3. Behavioral Assumptions: Models are built on assumptions about human behavior. the two primary assumptions are:
   - Firms seek to maximize profit
   - Consumers seek to maximize satisfaction from their purchases.

   these assumptions allow economists to trace the effects of changes in variable (like wages or prices) on behavior.

4. Rational Behavior: individuals act rationally when they pursue their self-interest by undertaking actions when the extra benefit outweighs the extra cost. This reflects the fundamental problem of scarcity, where obtaining one benefit always comes at the opportunity cost of forgoing the next best alternative.