Economic Resoning and modelo

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- Economic studies how people make choices under scarcity, assuming behavior is often predictable and aimed at maximizing satisfaction or profit. Marginal analysis helps evaluate decision by comparing extra benefits to extra costs. Economics use theories and models, simplified frame works with assumption about behavior to understand cause and effect relationships among economic variable like prices, production and employment. Models are abstract and focus on key forces, often assuming rational behavior, where individuals pursue self-interest to achieve the greatest well being. the concept of ceteris paribus ("other things being equal") allows isolation of effects in analysis.