Ankita Keshyond
Group - 259

- The economic way of reasoning helps understand the functions of the economy and the choices people make under constraints
- Economists often assume people systematically pursue certain objectives like seeking greatest sto satisfaction or highest profit...
- Marginal analysis is a method to study decision-making based on comparing extra benefits to extra costs
- Economic models are simplified ways to express how parts of the economy function using assumptions, logic, graphs or math to predict outcomes
- These models are abstract and don't capture all influences on behaviour but help unveil cause and effect relationships.
- It talks about constructing a theory on the relationship between population growth and apartment rents in a city, hypothesizing that increased population growth leads to higher rents (ceteris paribus)
- It highlights the importance of behavioural assumptions in economic models, like firms maximizing profits and consumers seeking maximum sto satisfaction