"The Economic way of Reasoning: Models and Marginal Analysis:

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 sneeking greatest 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 behavior but help unveil cause and effect and effect relationships. It talks about constructing a theory on the relationship between population and growth and apartment rents in the city. hypothesizing that increased population growth leads to higher rents. It highlights the importance of behavioral assumptions in economic models, like firms maximizing profits and consumers seeking maximum satisfaction. It explains rational behavior as choosing actions where extra benefits exceeds extra costs, considering the cost of an action as the sacrifice of an alternative oppurtunity due to scarcity.
An example is given about choosing actions acting in a play or training for a cross country squad when both are scheduled at the same time, deciding based on pursuing self-interest for the greatest well-being.