Economic way of reasoning

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1. Core objective of economic Analysis.

The main goal of economic analysis is to help us understand how the economic functions and the forces that influence the choices people make under constraints.

2. Assumption of Predictable Behavior

Economics often assumes that people systematically pursue certain objectives such as maximizing satisfaction from purchases or profit from selling products

3. Marginal Analysis.

Marginal analysis is based on the idea that you can gain from doing more of an activity if the extra benefits exceed the extra costs.

4. Roles of Theories.

The theory is a frameworks that helps us understand caused-and-effect relationships. It simplifies actual relationships and aims to explain the cause of observed phenomena.

5. Economic Variables.

Economic variables are quantities or dollor amounts that can have more than one value - such as prices or unemployment numbers - that fluctuate with the economic

6. economic models

An economic model is a simplified way of expressing how part of the economy functions. It uses assumptions to define relationships among variables and employs logic, graphs or math to predict outcomes

7. Abstraction and Simplifying Assumptions

Economic models are abstract and dont capture all influences on behavior. They Simplify complex motivations to more clearly reveal underlying cause-and-effect relationships

8. centeris Paribus.

When analyzing the effect to one variable other influences must be held constant - this is called centeris paribus.

9. Behavioral Assumptions

Models often assume that business owners seek to maximize profit and consumers aim to maximize satisfaction, helping to trace cause-and-effect among variables.

10. Rational Behavior and Scarcity.

You engage in retional behavior when the extra benefit of an action exceeds its extra cost. Scarcity means getting one benefit requires giving up another opportunity.

Economics uses theories, models, assumptions and marginal analysis to help us understand cause-and-effect in human behavior and economic decisions under Scarcity.