

3/10

- 1) to simplify reality and predict cause and effect relationship
- 2) It shows rational people act when marginal benefit exceeds marginal cost and stop when they are equal
- 3) eg: consumers maximize utility purpose. It simplifies motives to make behavior predictable & analysable.
- 4) No, because they are not purposefully weighing costs and benefits to achieve a goal
- 5) they simplify by omitting details assuming ceteris paribus and using math graphs. they are useful because they isolate key relationship and provide testable prediction

3/10

1) a) will buys 3 pairs

b) jill buys 2 pairs

2) Joe buys 4 pairs