Sara 227 second class

economic helps us understand how peaple and firms makes choices under scarcity.

the main assumption: individuals pursue clear goals like maximum satisfaction or maximum profit.

Marginal analysis: an activity is worth doing if the additional benefits exceed the additional costs.

economic models:

simplified representations using logic, graphs, or math to predict how varibles (like prices, wages, unemployment) change with conditions.

Economists assume that:

firms aim to maximiz profit.

consumers seek maximum satifaction.

scarcity forces choices, and each choice has an opportunity cost.