(economic way of reasoning.) 19,08,2025

- economics assumes human behavior is somewhat predictable, based on self-interest.
- models and marginal analysis .rational action occurs when extra benefit > extra cost.
- economic models, though abstract, reveal cause-and-effect by making assumptions about motivations (profit for firms, satisfaction for consumers).
- ceteris paribus ("other things being equal") is essential to isolate effects of a single factor.
- rational behavior means using limited resources to maximize well being, while accepting trade-offs and opportunity costs.
- in essence, the economic way of reasoning is about weighing costs and benefits, simplifying reality into models, and understanding choices under scarcity.