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1. purpose of an economic model
to simplify reality so we can understand and predict economic behavior.

2. marginal analyzes and rational behavior
rational people do something only if marginal benefit > marginal cost.

3 Example of a behavioral assumption + purpose

Example: consumers try to maximize utility
purpose: to simplify behavior so models can make clear predictions.

4. Habit - based decisions: rational or not?
not strictly rational, because the person isnt comparing benefits and costs.

5. How models abstract + why unrealistic models are useful;
models simplify real life by ignoring details
they are useful because simple models help explain key idea and predict outcomes,