

# FOUNDATIONS OF ECONOMICS UNIT

## RATIONAL ECONOMIC THINKING

IB CORE CONCEPTS AND NOTES SPECIFICALLY RELATED TO THIS VIDEO

<b><i>IB Core Concept</i></b>	<b><u>Standard Level and High Level Concept</u></b>
<b>Foundations of IB Economics</b>	<ul style="list-style-type: none"><li>Explain that economists are model builders and that they employ the assumption of “<i>ceteris paribus</i>”</li></ul> <p>Source: IB Economics Subject Guide</p>

### Rational Economic Thinking

- It is the economists' assumption that both consumers and producers will seek to maximize their utility and profits respectively.
- In other words, considering time and information, people will make choices in order to obtain the greatest amount of satisfaction.

Source: Jocelyn Blink and Ian Dorton. IB Economics: Course Companion, Second Edition.