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Topic 5 menx

1) rational behavior — way of acting that seeks to further by carrying actions for which the benefit exceeds the cost.

marginal benefits — the additional value obtained when one extra unit of an item is obtained

behavior assumption — establish people's motivation for the purpose of understanding cause and effects relationship among economic variables

Behavior positions — others those being affected over the knowing would influence others

normative analysis — evaluates the desirability of alternative outcomes according to underlying value

positive analysis — analyze of the effect of change in conditions or policies on observable economy.

Scarcity — the imbalance between the desire of people for consuming and the means of satisfying those desires.

economic models — A simplified way of expressing economic behavior or how some sector of the economy functions

variables — a quantity or dollar amount that can have more or value

theory — an abstraction or simplification of actual relationships; establishes cause and effect relationship.

1) economy theories

2) economy variables

3) an economic model

4) abstractions from

5) a hypothesis

6) economic principles

7) ceteris paribus.