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2-59

1. Fill in the blanks →

1 → Assumptions →

Assumptions simplify relation & Reality so that the underlying cause and effect relationships among variables can be understood.

2 → Data →

Data are quantities or dollar amounts that have more than on value.

3 → An economic model →

An economic model is a simplified way of expressing a theory

4 → Abstractions from →

Assumptions underlie a theory because theories are abstractions from reality

5 → A hypothesis →

A hypothesis is a statement of relationship b/w two variable that can be tested by empirical verification

6 → Economic principles or laws →

Hypotheses that have been subjected to repeated empirical verification and have withstood the test of time become economic principles or laws

7 → Ceteris paribus →

The causal relationships that we want to understand are difficult to isolate unless we make the assumption of ceteris paribus