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Group - 259

1] Rational behavior → Way of acting that seeks to gain by choosing actions for which the benefit exceeds the cost

2] Marginal benefit → The additional value obtained when one extra unit of an item is obtained.

3] Behavioral assumption → Establishes people's motivation for the purpose of understanding cause and effect relationships among economic variables.

4] Ceteris paribus → "Other things being equal" — used to acknowledge that influences other than the one whose effect is being analyzed must be controlled in testing

5] Normative analysis → Evaluates the desirability of alternative outcomes according to underlying value judgments

6] Positive analysis → Analysis of the effects of changes in conditions or policies on observable economic variables.

7. Scarcity → The imbalance between the desires of people in a society and the means of satisfying those desires.

8. Economic model → A simplified way of expressing economic behavior or how some sector of the economy functions.

9. Variable → A quantity or dollar amount that can have more than one value.

10. Theory → An abstraction or simplification of actual relationships; establishes cause and effect relationships.

Q Fill in the blanks.

1. Economic theories
2. Variables
3. An economic model
4. Abstractions from
5. A hypothesis
6. A Economic principles (or laws)
7. Ceteris paribus.