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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 term is obtained.

3) Behavioral assumption → Establishes people's motivation for the purpose of understanding cause and effect relationship 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

Fill in the blanks

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