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Fill in the Blacks:

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

Definitions:

- 1) Rational behavior: Way of acting that seeks to gain by choosing actions for which the benefit exceeds the cost.
- 2) Marginal Benefits: The additional value obtained when 1 extra unit of an item is obtained.
- 3) Behavioural 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 a.
- 5) Normative analysis: Evaluates the desirability of alternative outcomes according to underlying value judgements.



- 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 1 value.
- 10) Theory: An abstraction or simplification of actual relationships; establishes causes-and-effect relationships.