

Economic Terms and Definitions Matching Exercise

Instructions: Drag each term on the left to its correct definition on the right.

Term Definition

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

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

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

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 theory.

Normative analysis Evaluates the desirability of alternative outcomes according to underlying value judgments.

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

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

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

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

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

Marginal analysis Definition not provided in the text

Microeconomics Definition not provided in the text

Macroeconomics Definition not provided in the text

Economics Definition not provided in the text

Marginal cost Definition not provided in the text