

GUIDED READING Activity 1-3

For Use with textbook pages 18–23

WHAT DO ECONOMISTS DO?

OUTLINING

Directions: Locate the heading in your textbook. Then use the information under the heading to help you write each answer. Use another sheet of paper if necessary.

- I. Introduction—Describe the two large fields into which economics is divided.

- II. Economic Models—What is the purpose of an economic model?

A. What Models Show

1. What does a production possibilities curve reveal?

2. What is the most common economic model?

3. What do economic models assume?

B. Creating a Model

1. In what way are models helpful to economists?

2. What does an economist develop in order to test his or her theory or model?

C. Testing a Model—How does testing models help economists test their hypotheses?

D. Applying Models to Real Life—Why is it difficult for economists to apply the results of economic models?

II. Schools of Economic Thought

A. Introduction—Why do economists disagree over economic theories?

B. Values and Economics

1. What are values?

2. What can the science of economics not help judge?
