

## Learning Objectives

### Chapter 2

#### In this chapter you will

- See how economists apply the methods of science
- Consider how assumptions and models can shed light on the world
- Learn two simple models—the circular-flow and the production possibilities frontier
- Distinguish between microeconomics and macroeconomics
- Learn the difference between positive and normative statements
- Examine the role of economists in making policy
- Consider why economists sometimes disagree with one another

#### You should be able to

- Describe the scientific method
- Understand the art of making useful assumptions
- Explain the slope of a production possibilities frontier
- Place economic issues into the categories of microeconomics or macroeconomics
- Place economic statements into the categories of normative or positive.
- See the link between policy making and normative statements
- List two reasons why economists disagree