

## 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
- State at least three things that economists know
- List at least two reasons why economists disagree

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