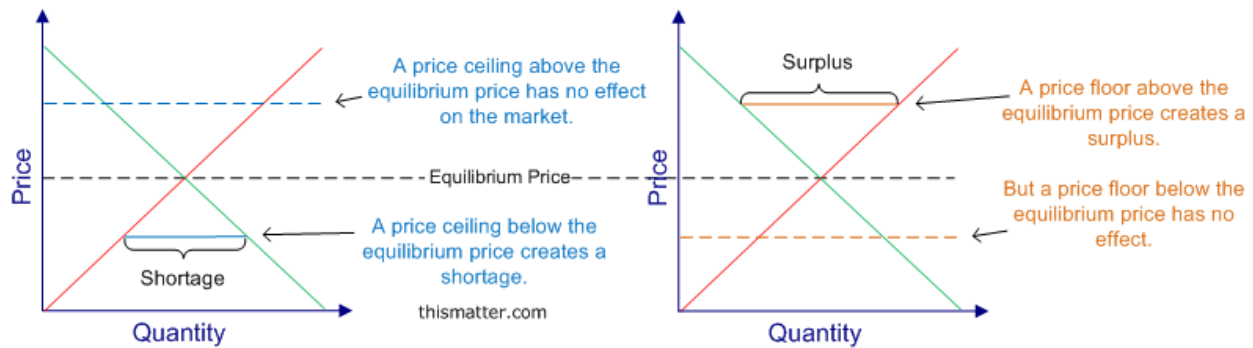




- **Positive versus Normative:-**

Positive economics/analysis mainly focuses on statistics, factual information, and indulges on the scientific formula for determining what an economy should look like.

Normative economics, which is also known as policy economics, makes use of judgments and opinions. People express their opinion and make judgments without looking at the facts in normative economics. They also distinguish between good and bad policies by making use of the judgments. They also determine the right and the wrong courses of action through judgments.

- **Examples of Positive and Normative Analysis/Economics:-**

“The unemployment rate is currently at 9 percent.”

Is a **positive statement**, since it conveys factual, testable information about the world. Statements such as:

“The unemployment rate is too high.”

“The government must take action in order to reduce the unemployment rate.”

Are **normative statements**, since they include value judgments and are of a prescriptive nature.

- **Marginal Utility:-**

The extra satisfaction a person gets from acquiring or using one more unit of the product.