

Economic way of thinking

[Economics](#)



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In addition to their Immediate effects secondary effects are effects of a policy change that might not be noticeable when the policy change is implemented 7. The value of a good or service is subjective what one good is worth to person A, may have a completely different value by person B (I Like pizza with extra cheese, I value it highly).

You are allergic to dairy products, so you place a low value on a pizza with extra cheese) 8. The test of a theory is its ability to predict Positive and normative economics Positive economics - the study of " what is" among economic relationships For Instance, positive statements can be statistically evaluated. Normative economics - Judgments about " what ought to be" In economic matters Normative statements merely reflect people's values - these statements cannot be proven true or false by economic thinking (think of it as a policeman's views on any matter -abortion, capital punishment, etc.

Those pollens cannot be proven right or wrong - they can merely be Judged) Economic way of thinking By gangplank 5. The acquisition of information is costly information can help people make better decisions, but information is a scarce good - the time it takes to search for the 6. Economic actions often generate secondary effects in addition to their immediate when the policy change is implemented 7. The value of a good or service is subjective what one good is worth to person A, may have a completely different value by person B (I like pizza with extra cheese, I value it highly).

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