

# FOUNDATIONS OF ECONOMICS UNIT

## POSITIVE AND NORMATIVE ECONOMICS

IB CORE CONCEPTS AND NOTES SPECIFICALLY RELATED TO THIS VIDEO

<i>IB Core Concept</i>	<u>Standard Level and High Level Concept</u>
Foundations of IB Economics	<ul style="list-style-type: none"><li>Distinguish between microeconomics and macroeconomics; positive economics and normative economics.</li></ul> <p>Source: IB Economics Subject Guide</p>

### Positive Economics and Normative Economics

- A **positive economic statement** is one that may be proven to be right or wrong by looking at the facts.
  - Example: Unemployment rate is at 4% in China.
  - It's an analysis of what **is**.
- A **normative economic statement** is a matter of opinion and cannot be conclusively proven to be right or wrong.
  - Example: China ought to curb unemployment.
  - It is an analysis of what **ought to be**.

Source: Jocelyn Blink and Ian Dorton. IB Economics: Course Companion, Second Edition.