Finger Exercises due Sep 18, 2024 07:30 CST   Completed

14.1

1/1 point (graded)

Fill in the blanks. ____ is the study of "what is." It is a value-neutral exercise.

- ⦿ Positive economics
- ◯ Normative economics

✔

Explanation

Positive economics is the study of "what is." It is a descriptive endeavor free of value judgments. It builds models to make sense of, and generalize, the phenomena we observe, and makes predictions based on those models.

Submit   You have used 1 of 1 attempt

ⓘ Answers are displayed within the problem

14.2

1/1 point (graded)

Fill in the blanks. ____ assesses "what ought to be done". It focuses on value-based judgments aimed at improvement.

- ◯ Positive economics
- ⦿ Normative economics

✔

Explanation

Normative economics assesses "what ought to be done" and makes economic policy prescriptions. Note that sometimes positive economics gives us all the tools we need to say that one policy is preferable to another. For example, when one policy is Pareto superior to another (not too many of these).

Submit   You have used 1 of 1 attempt

ⓘ Answers are displayed within the problem

14.3

1/1 point (graded)

Fill in the blanks. A policy is a Pareto improvement if it makes at least one person better off while making ____ worse off.

- ⦿ no one
- ◯ at least one person
- ◯ all the others

✔

Explanation

A pareto improvement makes at least one individual better off while making no one worse off. Choosing a Pareto improving policy requires no normative judgement. In reality, however, policy options that yield Pareto improvements are very rare. Most policy choices therefore involve value judgements, ethical preferences, and trade-offs among competing goals (e.g., employment and inflation; equity and efficiency).

Submit   You have used 1 of 1 attempt

ⓘ Answers are displayed within the problem

Discussion

Hide Discussion

Topic: The Minimum Wage Debate and Causal Inference / Question 14

Add a Post

Show all posts ⌄   by recent activity ⌄

There are no posts in this topic yet.

✖.

🖩 Calculator