

OUTLINE — August 23, 2017

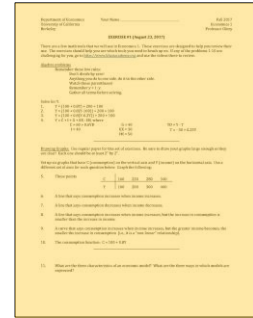
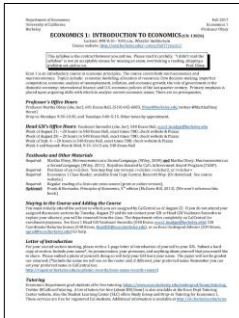
- Administrative Matters & Overview of Course
- The Use of Economic Models
- Economics: Positive versus Normative

*No laptops allowed in lecture
Cell phones silenced & put away*

Economics 1
Professor Olney

Two Handouts

- Syllabus
- Blue-&-Gold Exercise #1



Administrative Matters & Overview

Economic Models

Positive & Normative

Administrative Miscellanea

- www.econ.berkeley.edu/~olney/fall17/econ1
- Enrollment handled by Head GSI Vaishnavi Surendra
- E-mails archived at bCourses.berkeley.edu
 - Much more administrative info in email from Prof. Olney*
- Extra copies of handouts: outside 532 Evans Hall
 - Also available on stage before & after (but not during) class*
- Letter of introduction due at 2nd section
- How section is run: small groups, active learning
- www.piazza.com for Q&A (bookmark it)

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iClicker – any type is ok



i>clicker



i>clicker2



i>clicker +

Question: Have you registered your iClicker?

- Yes
- Not yet
- I tried but couldn't. I'll go to ETS help on 1st floor Moffitt Library.

Administrative Matters & Overview

Economic Models

Positive & Normative

Overview of Econ 1

- *Microeconomics*
 - Decision making by individual economic agents
 - The role of incentives in how we behave
- *Macroeconomics*
 - The economy as a whole
- *Goal of course*
 - Applying economics tools to real world

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Evaluating Policy

- To evaluate any policy compare the policy's results with *what would have been* in the absence of the policy (holding all else constant)

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Counterfactual

- Counterfactual
- How do we know “what would have been”?

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Economic Models

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Models are used to answer questions

- Characteristics of models
- Ways to express models

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Economic Models

Positive & Normative

Analyzing is not Judging

- *Positive* Economics
- *Normative* Economics

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Criteria for Judging

- Efficiency
- Growth
- Equity
- Stability
- What if goals conflict?
 - Your value system dictates which goals are more important than others

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