OUTLINE — August 22, 2018

- Administrative Matters & Overview of Course
- The Use of Economic Models
- Economics: Positive versus Normative
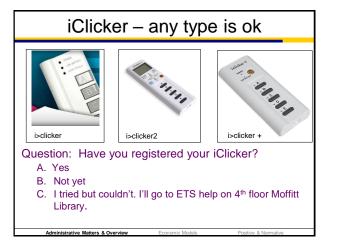
No laptops allowed in lecture
Cell phones silenced & put away

Economics 1
Professor Olney

Administrative Miscellanea

1. www.econ.berkeley.edu/~olney/fall18/econ1
2. Enrollment handled by Head GSI Vaishnavi Surendra
3. E-mails archived at bCourses.berkeley.edu
   - *Much more administrative info in email from Prof. Olney*
4. Extra copies of handouts: outside 532 Evans Hall
   - *Also available on stage before & after (but not during) class*
5. Letter of introduction due at 2nd section
6. How section is run: small groups, active learning
7. www.piazza.com for Q&A (bookmark it)

Administrative Matters & Overview   Economic Models   Positive & Normative

iClicker – any type is ok

i>clicker   i>clicker2   i>clicker +

Question: Have you registered your iClicker?
A. Yes
B. Not yet
C. I tried but couldn't. I'll go to ETS help on 4th floor Moffitt Library.

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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)

Counterfactual

- Counterfactual

- How do we know "what would have been"?

Models are used to answer questions

- Characteristics of models

- Ways to express models

Analyzing is not Judging

- *Positive* Economics

- *Normative* Economics

Criteria for Judging

- Efficiency
- Growth

- Equity
- Stability

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

Administrative Matters & Overview　　　Economic Models　　　**Positive & Normative**