**Positive and Normative Statements**

**Positive (analytical) Statements**

Positive statements are **objective statements** that can be tested, amended or rejected by referring to the available **evidence**. Positive economics deals with **objective explanation** and the testing and rejection of theories.

**Normative Statements**

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| A **value judgement** is a subjective statement of opinion rather than a fact that can be tested by looking at the available evidence |

Normative statements are **subjective statements** – i.e. they carry **value judgments**.

**Positive or Normative?**

A fall in incomes will lead to a rise in demand for own-label supermarket foods

The government is right to introduce a [ban on smoking in public places](http://news.bbc.co.uk/1/hi/world/3758707.stm).

If the government raises the tax on beer, this will lead to a fall in profits of the brewers.

Unemployment is more harmful than inflation

The rising price of crude oil on world markets will lead to an increase in cycling to work

A reduction in income tax will improve the incentives of the unemployed to find work.

The congestion charge for drivers of [petrol-guzzling cars](http://news.bbc.co.uk/1/hi/england/london/5171850.stm) should increase to £25

A rise in average temperatures will increase the demand for sun screen products.

Higher interest rates will reduce house prices

The government should [increase the minimum wage](http://news.bbc.co.uk/1/hi/business/6425965.stm) to £7 per hour to reduce poverty.

Cut-price alcohol has increased the demand for alcohol among teenagers

A car scrappage scheme will lead to fall in the price of second hand cars

Pollution is the most serious economic problem