A-LEVEL ECONOMICS • EXERCISE SHEET

1.2 Economic methodology

Name: ______________ Class: __________ Date: ____________ **Total: 17 marks**

Objective

Build the skills to answer exam questions on **economic methodology** 经济学方法论—economics as a **social science** 社会科学, **positive and normative** 实证与规范 statements, **ceteris paribus** 其他条件不变, and **micro- and macroeconomics** 微观与宏观.

You must be able to:

- distinguish **positive** 实证 (fact) from **normative** 规范 (opinion) statements
- explain **ceteris paribus** and why economists use models
- distinguish microeconomics from macroeconomics

1 Worked examples

How economists think

Positive statement	Normative statement
a statement of fact	*a statement of opinion*
can be tested true or false	rests on a value judgement
e.g. a higher petrol price reduces the quantity bought	e.g. the government should make petrol cheaper

Positive (fact, testable) versus normative (opinion, value judgement) statements

Economics builds models 模型 and tests them with data

- **Positive statement** 实证表述: a fact that can be tested true or false ("a higher petrol price reduces the quantity bought").
- **Normative statement** 规范表述: an opinion resting on a **value judgement** 价值判断 ("the government *should* make petrol cheaper").
- **Ceteris paribus** 其他条件不变: "all other things stay the same" —change one variable at a time.
- **Micro** 微观 = single markets/firms; **macro** 宏观 = the whole economy.

Answer shapes: AO1 (define) + AO2 (apply) + AO3 (analysis) + AO4 (judgement, for evaluate questions).

2 Practice

2.1 State the difference between a *positive* and a *normative* statement. [2]

2.2 Define the term *ceteris paribus*. [2]

2.3 State whether each is micro or macro: (a) the market for coffee; (b) a country's total unemployment. [2]

3 Exam-style questions

3.1 Which is a **normative** statement? [1]

- **A** A rise in income tax reduces consumer spending.
- **B** Unemployment rose to 6% last year.
- **C** The government ought to cut income tax for the poor.
- **D** A higher minimum wage can raise firms' costs.

3.2 Explain, with an example, why economists use the assumption of *ceteris paribus*. [4]

3.3 Explain the difference between positive and normative statements, and why the distinction matters for economic policy. [6]

4 Go further

You are now ready for the real exam questions on this subtopic. Open the **1.2 Economic methodology** past-paper sheet in the Library, or try these in **Practice mode**:

- 9708/11 N25 —Q6 (positive vs normative)
- 9708/13 N25 —Q1 (economic methodology)
- 9708/12 J25 —Q1 (methodology)

Solutions

Economics answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

2.1 a positive statement is about fact and can be tested true or false; a normative statement is an opinion about what should happen and cannot be tested (2 for a clear difference; 1 for a partial idea).

2.2 a Latin phrase meaning "all other things stay the same" —holding other factors constant while one changes (2 for a clear definition; 1 for a partial idea).

2.3 (a) micro; (b) macro (1 + 1).

3.1 **C**. "Ought to" signals a value judgement, so it is normative.

3.2 *[4]* AO1 1–2 + AO3 up to 2 —the real economy has many variables; by holding all but one constant (ceteris paribus), e.g. studying how price alone affects quantity demanded, economists can isolate one cause-and-effect relationship.

3.3 *[6]* AO1 2 (define each) + AO2/AO3 up to 4 —positive statements can be tested with data, so they settle facts; normative statements rest on value judgements, so people who agree on the facts may still disagree on policy → distinguishing them helps separate what *is* from what *ought* to be done.