Solutions

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

Each answer shows the steps, then the **result**.

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