

1.2 Economic methodology

Name: _____ Class: _____ Date: _____

Total: 17 marks

KEY WORDS ceteris paribus 其他条件不变 • value judgement 价值判断

• macroeconomics 宏观经济学 • micro- and macroeconomics 微观与宏观 • social science 社会科学

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

a statement of fact
can be tested true or false
e.g. a higher petrol price reduces
the quantity bought

Normative statement

a statement of opinion
rests on a value judgement
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	B
C	D

- 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]
