

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	Normative statement
<i>a statement of fact</i> can be tested true or false e.g. a higher petrol price reduces the quantity bought	<i>a statement of opinion</i> 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** 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.
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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]

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.