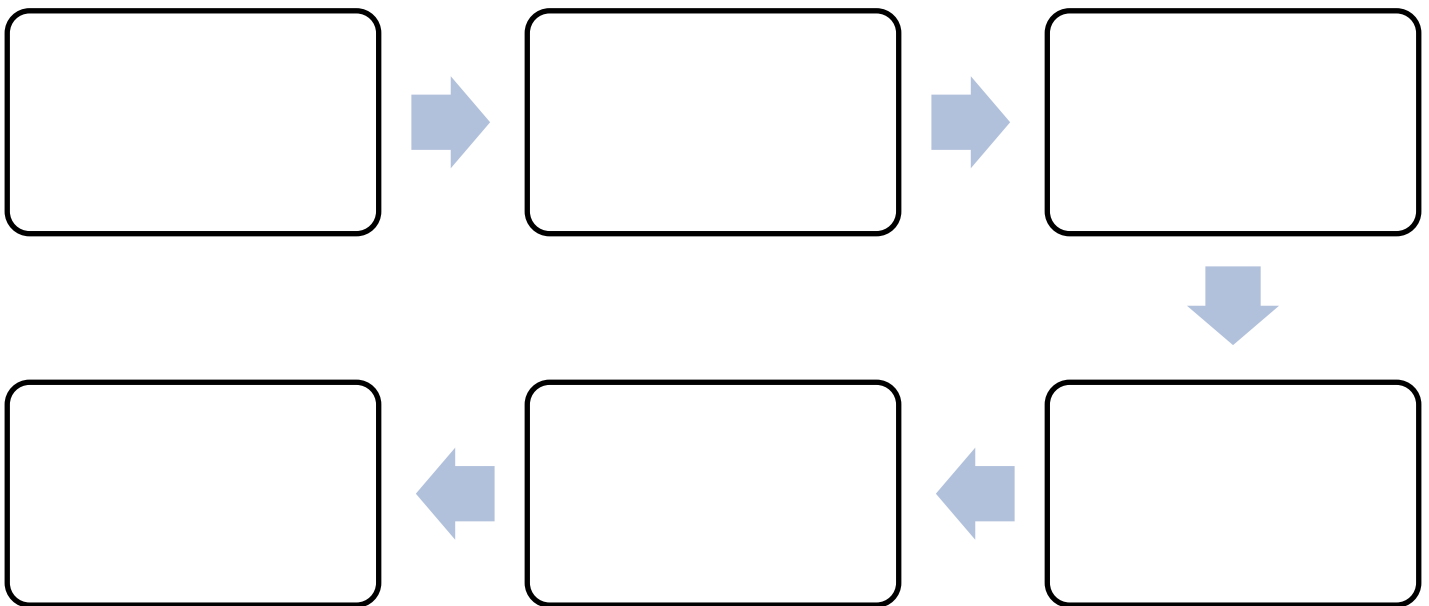
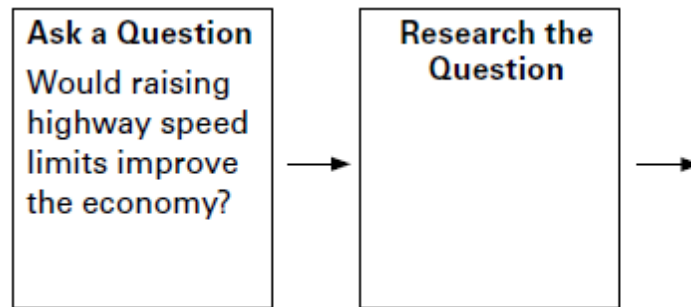


1.4: What Tools Do Economists Use?

1. Create a flowchart illustrating the steps of the scientific method. Think of a concrete example of how an economist would use this tool. Write an explanation of what the economist would do in each step of the process. An example is begun for you. You may use this example question or create your own.



2. What is a graph? Why do economists use graphs, and what is the problem with using a graph?
3. What is a variable?
4. What is a curve? What is confusing about the term curve in economics?

NAME:

DATE:

PERIOD:

5. What is an economic model?

6. Follow these steps to create a graph.
 - Draw a coordinate system with an x - and y -axis.
 - Examine the data to be graphed (in the table below). Determine an appropriate title for each axis.
 - Determine appropriate labels for each axis.
 - Graph the data.
 - Connect each point to create a curve.

U.S. Unemployment Rate, 1950–2000

YEAR	UNEMPLOYMENT RATE
1950	5.21%
1960	5.54%
1970	4.98%
1980	7.18%
1990	5.62%
2000	3.97%

Source: www.miseryindex.us.



7. Write a short explanation of how economists use graphs.

8. Explain the rational-behavior model. Give an example from your own life in which you have used, or applied, this model.

9. What does the term “ceteris paribus” mean?