

**Unit 9 – Government and the Economy**

**Directions:** Answer questions 1-5 using your notes/information you have learned about the business cycle. Answer questions 6-11 using the following website that contains the history of US business cycles <http://www.nber.org/cycles/cyclesmain.html>.

1. Why is contraction labeled on the curve going downward? What happens to GDP in a recession? Unemployment?

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2. How long does it take for the government to officially announce a recession?

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3. Why is expansion labeled on the curve going upward? What happens to GDP in an expansion? Unemployment?

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4. Where on the curve is the economy doing the worst? How would an economist know that this is the worst point in the cycle?

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5. Where on the curve is the economy doing the best? How would an economist know that this is the best point in the cycle?

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6. Business Cycle Data Table: When was the last recession in the United States? How long did it last? What events marked this recession?

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7. Business Cycle Data Table: When was the second longest recession in the United States? How long did it last? What historical event caused the recession?

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8. Business Cycle Data Table: How long was the expansion period from 1938-1945? What historical event occurred in this period?

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9. Business Cycle Data Table: How long was the longest expansion period? When did it occur?

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10. Business Cycle Data Table: Do business cycle occur in an orderly fashion with similar lengths between peaks and troughs? Defend your answer.

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11. Business Cycle Data Table: On the back of this sheet, draw a diagram that represents the business cycle from July 1990 to November 2001. Add dates for peaks and troughs.