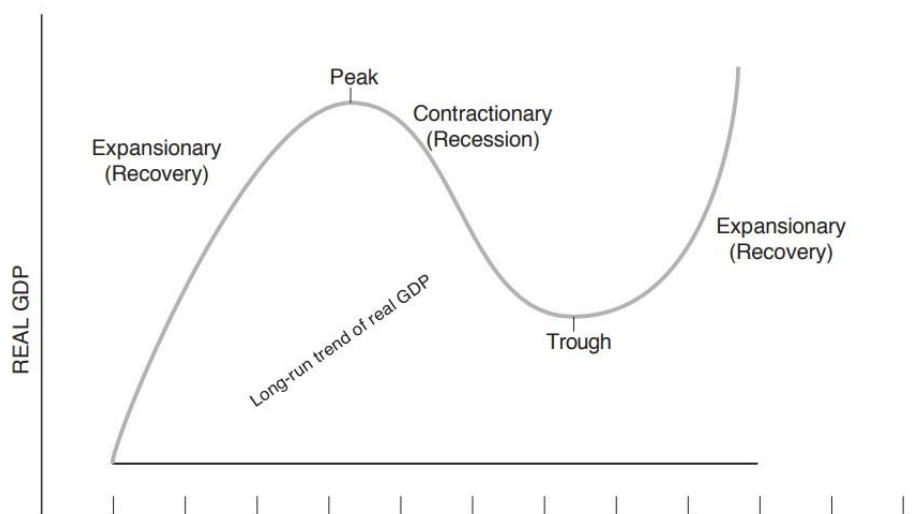


The Business Cycle Activity

Directions: You will be working with a partner to respond to these situations. Your teacher will read each statement, then give you one minute to discuss the potential answer with your partner. Once selecting an answer, you should place an X on this sheet showing your answer and hold up the card corresponding with your answer.

	Expansion	Contraction	Peak	Trough
Economic activity at its highest				
Lowest period for production				
Businesses produce more and hire more employees				
Consumer spending is rising on all items				
Production is cut down				
Business profits are on the decline				
Inflation is increasing				
The economy slows down				
GDP is rising out of a recession				
Unemployment is at its highest				

The Business Cycle



PROBLEM 1:

Draw an economy in a deep recession using AS-AD model, PPF model and business cycle model.

AS-AD MODEL	PPF MODEL	MODEL OF BUSINESS CYCLE

PROBLEM 2:

Draw an economy that produces the output equal to its potential output using AS-AD model, PPF model and business cycle model.

AS-AD MODEL	PPF MODEL	MODEL OF BUSINESS CYCLE

PROBLEM 3:

Draw an economy expansion that was caused by _____ in oil prices using AS-AD model, PPF model and business cycle model.

AS-AD MODEL	PPF MODEL	MODEL OF BUSINESS CYCLE

PROBLEM 4:

Draw a long-term economic growth using using AS-AD model, PPF model and business cycle model.

AS-AD MODEL	PPF MODEL	MODEL OF BUSINESS CYCLE