

Big Question: How does the macroeconomy behave in the long run?

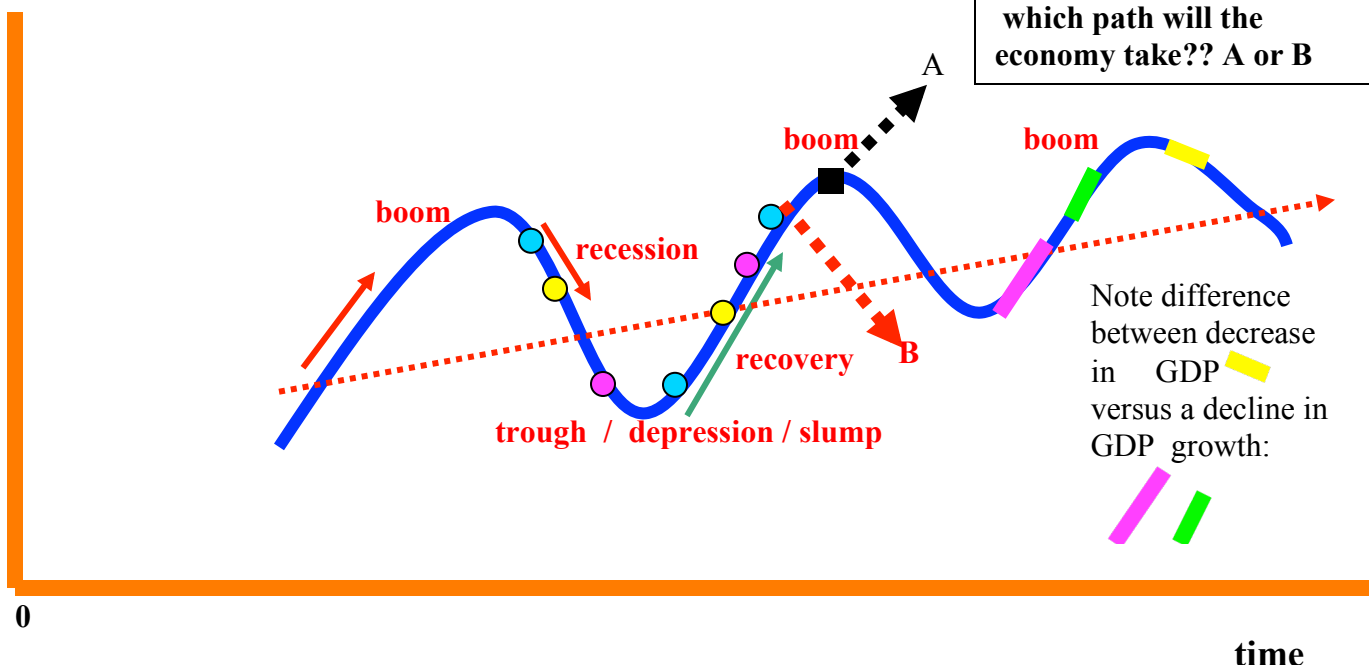
See Webnote
0012

Syllabus reference:

Economic Cycle¹ : How the macroeconomy performs over time²

Business Cycle 1

Real GDP



Notes:

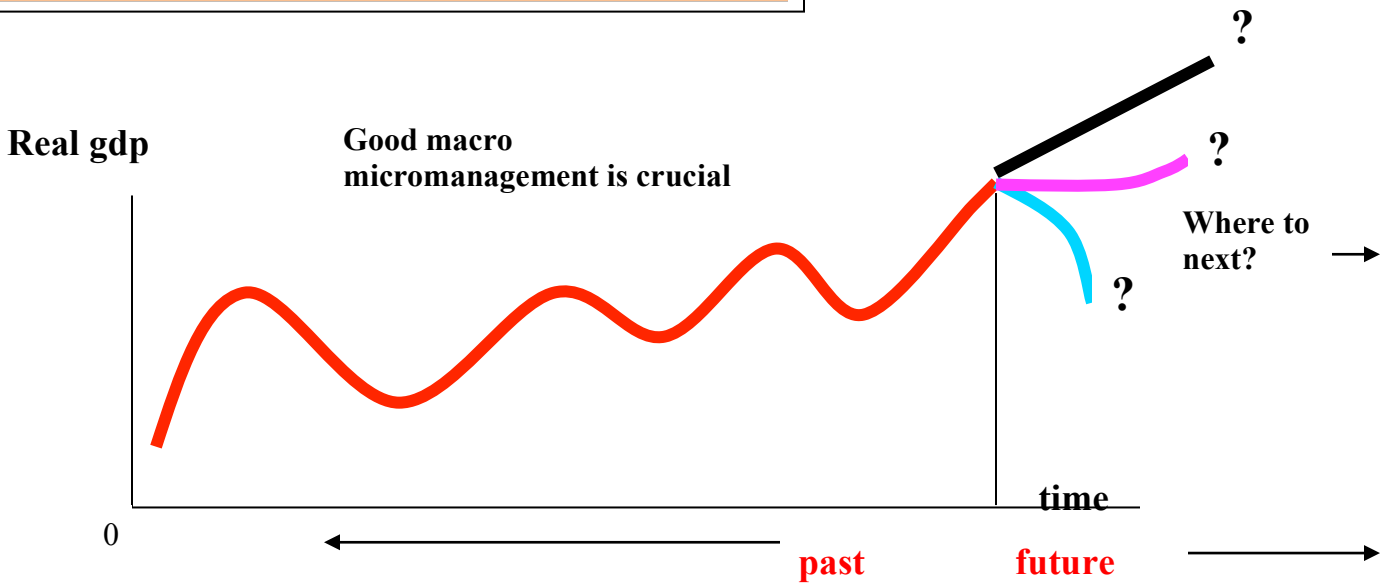
- Diagram highlights the cycle that economies have demonstrated over time
- Long run trend ■■■■■
- note the upward trend overtime
- a recession is defined as two consecutive quarters (of a year) of falling GDP (note: there can still be annual growth during this period)

Big Question: What is the role for the government in managing the macroeconomy?

¹ Source: Advanced Economics through diagrams by Gillespie p. 92

² Can be written as economic, business or trade cycle

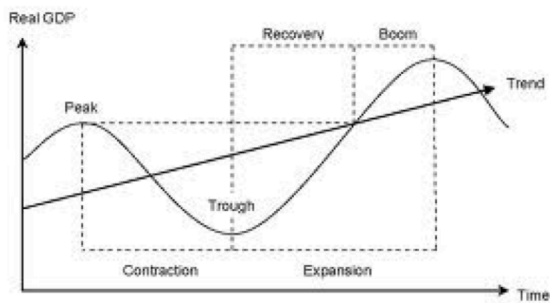
Business Cycle 2



See gdp (Y)
on webnote 710

Variations on model- note that b) shows a growth line that shows the negative growth.

a)



b)

