

This mark will
be given to
you later by
your teacher!!

Business

Expansion

New businesses are opening and more jobs are being created. People feel confident in the future. Goods are being sold at home and abroad.

1

The economic

SPRING

WINTER

4

Recovery

The government lowers taxes and interest rates. People and businesses feel they have more money to spend, and gradually, as they start buying more, more jobs are created.

Prosperity

People reap the benefits of their work. Salaries increase, people have more money and are eager to spend it. But the high demand for goods leads to rising inflation.

2

cycle

SUMMER

FALL

3

Recession

Inflation causes people to buy less so company profits go down. Businesses lay off people, so unemployment rises. People earn and spend less and some can't pay their mortgages.



Ups and downs

The *four seasons* of the *economy* are like the *four seasons* of the *year*. They always occur in the **SAME ORDER** but, unlike nature's seasons, the length of *economic seasons* are not the same, and cannot even be predicted—*although economists often try*.

INFLATION

What is inflation?

It's crunch time for pizzas. Chew on that!

Inflation occurs when prices rise. Imagine your allowance is \$10 a week, but the cost of buying a pizza goes up from \$3.25 to \$5. Now you can only buy 2 pizzas, when previously you could buy 3. That's inflation!



LOOKING FORWARD

Economic seasons are unpredictable because they are not created by the movement of money, but by the feelings people have when they think about the future. What are these feelings? Let's imagine you're about to open a present...



Optimistic

During a time of expansion, people feel confident about their economic future.

I think it's just what I wanted!



Concerned

After some time enjoying a period of prosperity, people become nervous, fearing it might end soon.

I'm not convinced I'll like this.



Pessimistic

In a time of recession, people feel very stressed and insecure.

This definitely isn't what I hoped for.



Cautiously hopeful

During an economic recovery, people begin to feel as if the worst times are coming to an end.

I'm hoping for something good.



**In your own words - what do
you remember?**

click here

