

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

I am sorry to disappoint you, there is no equation to explain on this homework assignment.

1) (20 points) Go to the first webpage below. Look the year 2022. Does it look like there was a recession in 2022? Explain your logic. Does the graph on the second webpage indicate there was a recession in 2022? State how you reached that conclusion. What do you think explains those results? Explain your logic. <https://tradingeconomics.com/united-states/gdp-growth>
<https://fred.stlouisfed.org/series/JHDUSRGDPBR>

2) (20 points) In the definition of business cycles, they talk about “aggregate economic activity”. What does that mean? Why do we want to do that? Give an example (real or imaginary) which illustrates the downside of aggregating.

3) (20 points) Some economists say that we cannot use the data to conclude that the recessions have become less severe since World War II. Explain their logic.

4) (20 points) I say that several changes in our economy during the 1930s should cause the recessions to be less severe. Give two of the changes and explain why they should reduce the severity of the business cycle.

5) (20 points) When George H. W. Bush was running for re-election in 1992, he correctly said that the recession was over (as the second webpage cited in Question #1 indicates), but many people said, “You’re crazy. The unemployment rate is still quite high and rising much of the year.” See the graph linked below. Explain how the recession was over, but the unemployment was both high and rising.

<https://fred.stlouisfed.org/series/JHDUSRGDPBR>