These periods are caused by Business Cycles. What causes them? And what can (or should) be done about them?
The Recession of 2001

How do we know the recession ended in November 2001? The Business Cycle Reference Committee of the National Bureau of Economic Research (NBER) tells us.

<table>
<thead>
<tr>
<th>Year</th>
<th>Peak</th>
<th>Trough</th>
<th>Peak</th>
<th>Trough</th>
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<td>2000</td>
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<td>April</td>
<td>2001</td>
<td>June</td>
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<tr>
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<td>December</td>
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<td>July</td>
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<tr>
<td>2002</td>
<td></td>
<td>August</td>
<td>2003</td>
<td>March</td>
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</tbody>
</table>

A False and True View of Cycles

• The False View
  – Patient doing nicely, but suddenly gets sick. Peak.
  – Patient recovers and immediately bounces back to health. Trough

• The True View
  – Patient doing nicely, but suddenly gets sick. Peak.
  – Patient reaches bottom and begins the process of returning to health. Trough

End

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