

Business Cycle

The “Business Cycle” refers to the fact that free-market economies tend exhibit systematic and prolonged expansion followed by systematic and prolonged recession. What exactly causes the business cycle is debatable, but the fact that it exist is irrefutable. The fact that it appears to be a natural part of a free market economy does not imply that it cannot be made better or worse by government policy.

Official business cycle dates in the U.S. are determined by the National Bureau of Economic Research (NBER). The NBER is a private, nonprofit, nonpartisan research organization founded in 1920. The NBER usually (but not always) considers two consecutive quarters of negative gross domestic product (GDP) growth to be a recession.