



The Wild Ride of Economic Cycles | Lesson Plan

How do economic cycles shape the opportunities and challenges people face, and what can we do to prepare for them?

Students will understand how economic cycles, consisting of expansion, peak, contraction, and trough, create predictable patterns in the economy that impact businesses, employment, and consumer behavior.

Learning Objectives:

- Identify the four phases of the business cycle—expansion, peak, contraction, and trough—and describe their characteristics.
- Identify the difference in time span between an economic recession, and a depression,
- Explain how GDP serves as a key indicator of economic performance and reflects the growth or decline of an economy.
- Analyze the role of economic shocks, both positive and negative, in accelerating or disrupting economic cycles.
- Evaluate the impact of economic cycles on businesses, workers, and consumers, including periods of growth, contraction, and recovery.
- Apply knowledge of economic cycles to make informed financial decisions, such as recognizing when to save, invest, or adjust spending habits.

Key Vocabulary:

- **Depression:** A period of economic contraction lasting longer than a year.
- **Expansion:** A phase of the economic cycle when businesses grow, employment rises, and consumer spending increases.
- **Peak:** The highest point of economic growth before the economy begins to slow down.
- **Contraction:** A phase when the economy shrinks, businesses slow production, unemployment rises, and consumer spending decreases.
- **Recession:** A period of economic contraction lasting longer than six months.
- **Trough:** The lowest point of the economic cycle, marking the end of contraction and the beginning of recovery.
- **Economic Cycles:** The natural pattern of expansion, peak, contraction, and trough that economies go through over time.
- **Economic Shocks:** Unexpected events, such as natural disasters, political changes, or technological breakthroughs, that can suddenly speed up or slow down economic activity.

Educational Standards: CCRA.R.7, CCRA.R.10, CCRA.W.2, CCRA.W.4, CCRA.W.7, CCRA.SL.1, CCRA.SL.2, CCRA.L.6

Academic Subject Areas: Economics, Government & Civics, Business & Personal Finance



Scan to watch episode:

What You'll Need

- Video: *Ca\$h Cour\$e: The Wild Ride of Economic Cycles* (Watch [Here](#))
- Worksheet: *Ca\$h Cour\$e: The Wild Ride of Economic Cycles* (Click [Here](#))
- Classroom whiteboard and dry-erase markers (or use a technology solution if available).

Lesson Plan (50 mins.)

Warm-Up: (10 mins.)

1. Write the following terms on the board:
 - Expansion
 - Peak
 - Contraction
 - Trough
2. Ask students which of these words sound like things are going up? Which sound like things are going down? Quickly point out which terms mean what: expansion and peak = going up. Contraction and trough = going down.
3. Introduce the following analogy:
 - Imagine you're on a roller coaster at an amusement park. The ride has highs and lows, and no part of it lasts forever.
 - As you climb up, everything feels exciting—this is **expansion**. Businesses are growing, people have jobs, and money is flowing.
 - You reach the top—the highest point of the ride—this is the **peak**. Things seem great, but the ride can't go up forever.
 - Then, the ride drops—this is **contraction**. Businesses slow down, people lose jobs, and the economy struggles.
 - Imagine the ride *keeps* dropping—and explain that a contraction of more than six months is a **recession**, and one that lasts more than a year is a **depression**. Recessions and depressions mean fewer jobs, less investment and are usually very hard on people.
 - Finally, the ride levels out at the lowest point—this is the **trough**. Things aren't getting worse anymore, and soon, the ride will climb again.
4. Ask students to consider:
 - How do businesses and workers feel when the economy is going up vs. when it's going down? Do we have ways to predict when changes will happen?
5. Explain a real-world example by looking at what happened in 2020—at the start of the year, businesses were expanding, people were traveling, and spending was high. Then, almost overnight, everything shut down. That's an example of an **economic shock** disrupting the cycle and leading to contraction.
6. Introduce the learning goal: Economic cycles affect businesses, workers, and consumers in predictable ways. Understanding these patterns can help us make better financial and policy decisions. Explain that the lesson will explore why economies experience these

cycles, how they impact people and businesses, and what factors (like economic shocks) can speed them up or slow them down.

- Introduce the essential question: *How do economic cycles shape the opportunities and challenges people face, and what can we do to prepare for them?*
7. After introducing the essential question, guide students into the main lesson by explaining that they will watch a video to better understand how these cycles work and why they matter.

Watch and Discuss: (20 mins.)

1. Show the *Ca\$h Cour\$e: The Wild Ride of Economic Cycles* video to the class.
2. Pause the video at strategic points to facilitate discussion and reflection, or watch the video then discuss the following:
 - What are the four phases of the economic cycle? (Expansion, Peak, Contraction, Trough.)
 - What causes economies to cycle through these phases? (Consumer spending, business investment, supply/demand, economic shocks.)
 - How do businesses and workers feel in each phase? (More jobs in expansion, struggles in contraction, etc.)
 - What are economic shocks, and how can they affect the cycle? (Natural disasters, new technology, government policies, etc.)
3. Summarize the key takeaways from the video using the whiteboard:
 - Expansion → More jobs, rising GDP, higher spending, possible inflation.
 - Peak → Growth slows, economy reaches its highest point.
 - Contraction → Job losses, lower GDP, recession possible.
 - Recession is more than six months of economic contraction, depression is more than one year.
 - Trough → Economy stabilizes, setting the stage for recovery.
 - Economic Shocks → Unexpected events that speed up or slow down the cycle.

Wrap-Up: (20 mins.)

1. Distribute worksheets. Have students work individually or in small groups to apply their understanding of economic cycles and economic shocks.
2. Encourage critical thinking: Students should analyze how different phases of the economic cycle affect businesses, workers, and consumers.
3. Facilitate a brief class discussion:
 - Have students share key insights from their worksheet responses.
 - Review answers together, clarifying any misunderstandings.
 - Collect worksheets to assess understanding (optional formative assessment).
4. Revisit the essential question. Ask students: Now that we've learned about economic cycles, how would you answer our big question: "How do economic cycles shape the opportunities and challenges people face, and what can we do to prepare for them?"

5. Encourage students to consider real-life examples, such as running a business, job markets, inflation, and personal financial decisions, and encourage them to share their insights.
6. Emphasize that economic cycles are natural—they impact everyone, from business owners to workers to consumers. Leave students with a thought-provoking statement: *“Next time you hear about a recession or a booming economy, think beyond the headlines. What phase of the cycle are we in? What opportunities or risks come with it?”*

Extension Activities (Optional):

- **Economic Cycle Scenarios:** Give students different real-world scenarios (e.g., a tech boom, a housing market crash) and have them determine which phase of the cycle the economy is in and predict what might happen next.
- **News Article Analysis:** Have students find a recent news article about economic trends (inflation, unemployment, GDP changes) and identify which phase of the economic cycle it represents.
- **Business Strategy Challenge:** Assign students a role as a business owner during different phases of the cycle. Ask: *How would you adjust hiring, pricing, or production during expansion vs. contraction?*

Don't have time for the full lesson? Quick Activity (10-15 mins.)

Distribute the worksheet and allow students to complete it while they follow along with the video. Or, have students watch the video at home and use the worksheet as a quick quiz the next day in class.