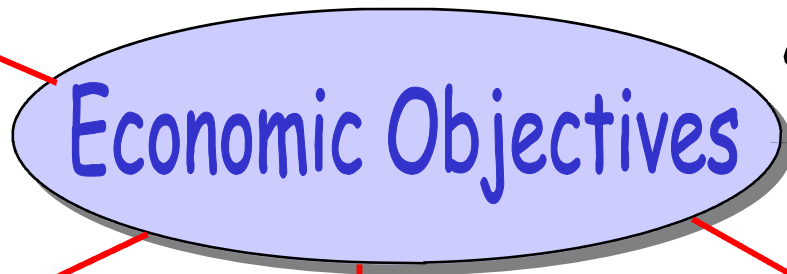




# Managing The Economy

- Governments will have a range of economic objectives, but they will usually seek:



**FAVOURABLE BALANCE OF PAYMENTS**  
Ensures that the country remains competitive

**ECONOMIC GROWTH**  
Should be sustainable

**UNEMPLOYMENT**  
Should be as low as possible

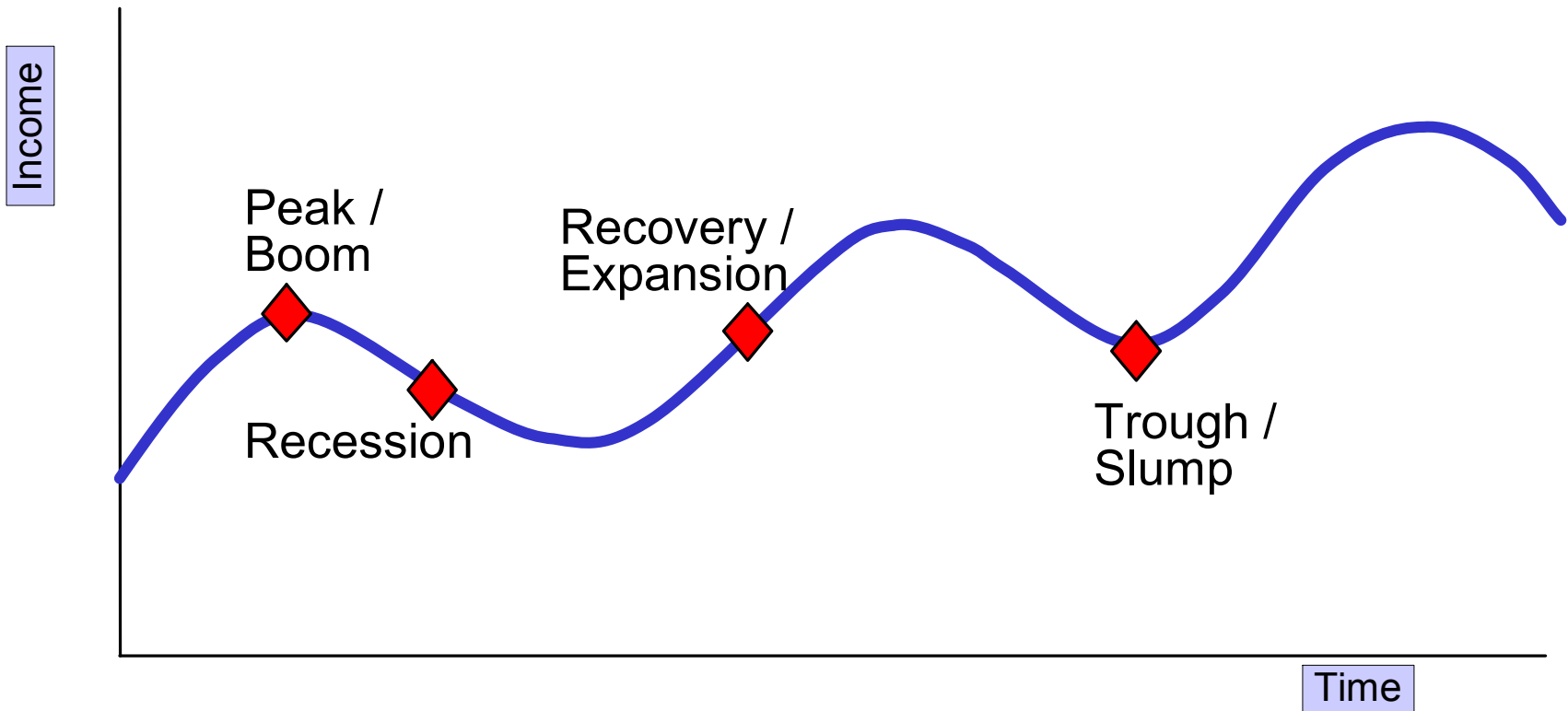
**INFLATION**  
Should be low and stable





# The Business Cycle

- Unfortunately economies go through “cycles”
- This makes them difficult to manage
- It is often referred to as the business, or trade, cycle
- It can be broken down into 4 stages:





# The Effect of the Cycle On Firms

- Many businesses are affected by
  - the business cycle itself
  - Government policies to control the business cycle
- Some businesses will be affected more than others:

Products Significantly Affected by the Business Cycle	Products Largely Unaffected By The Business Cycle
Wine	Coal
Sports & Leisure Services	Bread
Restaurant Meals	Cigarettes
Jewellery	Petrol
Household Furniture	Fresh Vegetables