

A Few Pictures, with Talk: The Six-Cycle Map

The physical processes of making and consuming goods of numberless kinds, the business processes of buying and selling, the flow of money incomes to and from individuals, the circulation of money and credit . . . must all be watched in relation to each other. . . .

To guard against losing our way in this tangle, we must get as clear a view as possible of the organic relations among these various processes.

—Wesley Mitchell, writing in his 1927 book *Business Cycles: The Problem and Its Setting*

WESLEY MITCHELL, longtime NBER research director and Isaac Asimov of the business cycle (no one else has written as prolifically on the topic), described our challenge nicely in the excerpt above. We’re looking for “as clear a view as possible” of the connections between economic processes. Toward that aim, we’ll start by breaking down the business cycle. Instead of relying on a single cycle operating uniformly across the whole economy, we’ll consider six separate but related cycles. Each of the six *component cycles* describes a particular sector. Think of the various flavors in a gourmet dish, or the instruments in a band. In economics, the six component cycles are . . .