Concept

Episode

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Definition

The concept Episode refers to a period of time during which an economy is exposed to continuous a-cyclical forces that alter the nature of macroeconomic trends. This results from a significant change in the economy's workings.

Context

Whereas cyclical forces create fluctuations about an existing economic trend, a-cyclical forces alter the nature of the trend.

An Episode occurs because of prolonged a-cyclical influences on an economy that result from active intervention, systemic effects or uncontrollable events. For example, Zimbabwe is suffering an Episode of Hyper-Inflation because of Robert Mugabe's policies.[1] The Persian Gulf Nations enjoyed an Episode of high growth due to the commercialization of their oil reserves. The world has just ended an extended Episode of low interest rates and cheap money.[2]

An Episode stands in contrast to cyclical workings of an economy. For example, economies with a large tourism sector may fluctuate seasonally. Central banks oversee fluctuations in interest rates to maintain a stable macro economy. Businesses purchase machinery and seek a return on investment before investing further. These forces do not create an episode.

An Episode may not be readily apparent. It is only after a number of typical business cycles have passed and performance seems to differ from expected results that an Episode can be recognized.

The Top 15 Agenda contends that Israel requires an Episode of significant growth in order to meet the benchmark of the Top 15 most developed nations in the world.

End.

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1 Wines, Michael. Zimbabwe, Subtracting Zeros, Adds to Disconent. New York Times, August 8, 2006.

2 Global Markets. The Economist, July 13th, 2006.

