### Aim: What caused the Great Depression?

### Do Now:

- What is the economy?
- How do we know if the economy is doing well or doing poorly? What data do we look at?

# Economy:

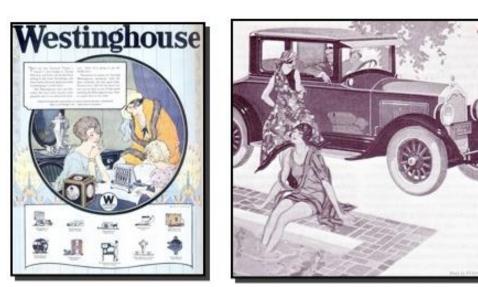
How a society provides the goods and services that people want and need.

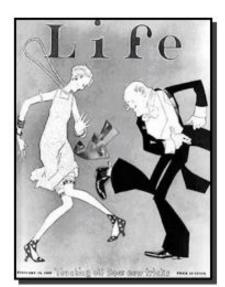
### **Depression**

• A prolonged period of high unemployment, large numbers of bank and business failures, stagnant wages and low profits. (the society is having a lot of trouble providing wants and needs).

# FROM BOOM TO BUST

- 1920s Economy
  - Economic Boom (except for agriculture) driven by
    - New Products
    - Easy Credit
    - Government Policies (Harding "return to normalcy")
      - Lower taxes, less regulation

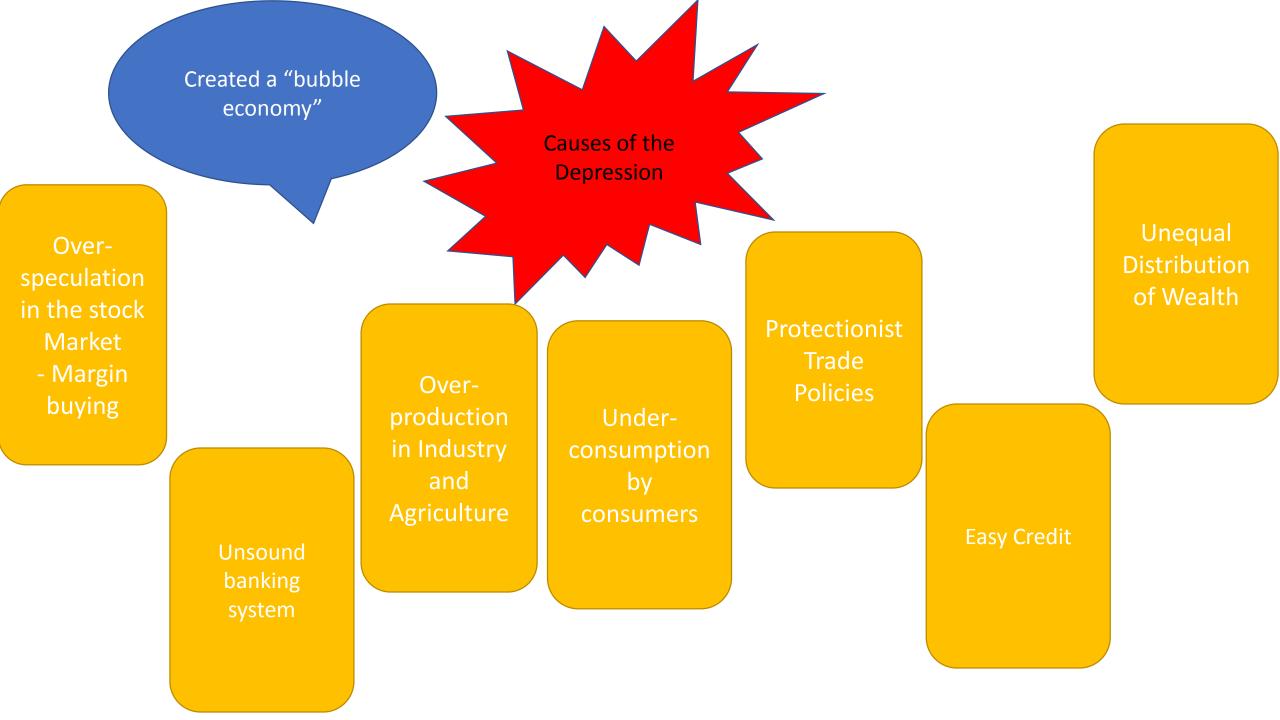




#### **OVER-PRODUCTION**

- **UNDER-CONSUMPTION**
- Businesses produced too much
- People didn't have the money to buy.

Consumption- the ability of people to buy goods.



### Business Cycle Boom and Bust

