

Aim: Was there a principal cause of 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?
- Thursday 3/15- Review
- Monday 3/16 -Exam The 1920s and The Great Depression

Economy:

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

- **Gross domestic product (GDP)** -the market value of all goods and services produced by the economy in a given year.
- **Unemployment Rate**
- **Price stability.**

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, tariffs



OVER-PRODUCTION

- Businesses produced too much

UNDER-CONSUMPTION

- People didn't have the money to buy.

Consumption- the ability of people to buy goods.

Created a "bubble economy"

Causes of the Depression

Over-speculation in the stock Market - Margin buying

Unsound banking system

Over-production in Industry and Agriculture

Under-consumption by consumers

Protectionist Trade Policies

Easy Credit

Unequal Distribution of Wealth

Business Cycle Boom and Bust

