<u>Aim</u>: 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



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

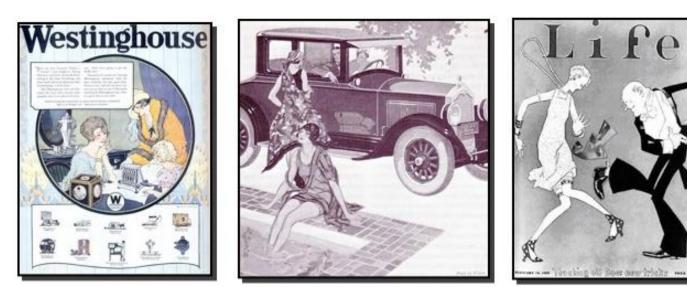
- <u>Gross domestic product (GDP)</u> the market value of all goods and services produced by the economy in a given year.
- <u>Unemployment Rate</u>
- Price stability.

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

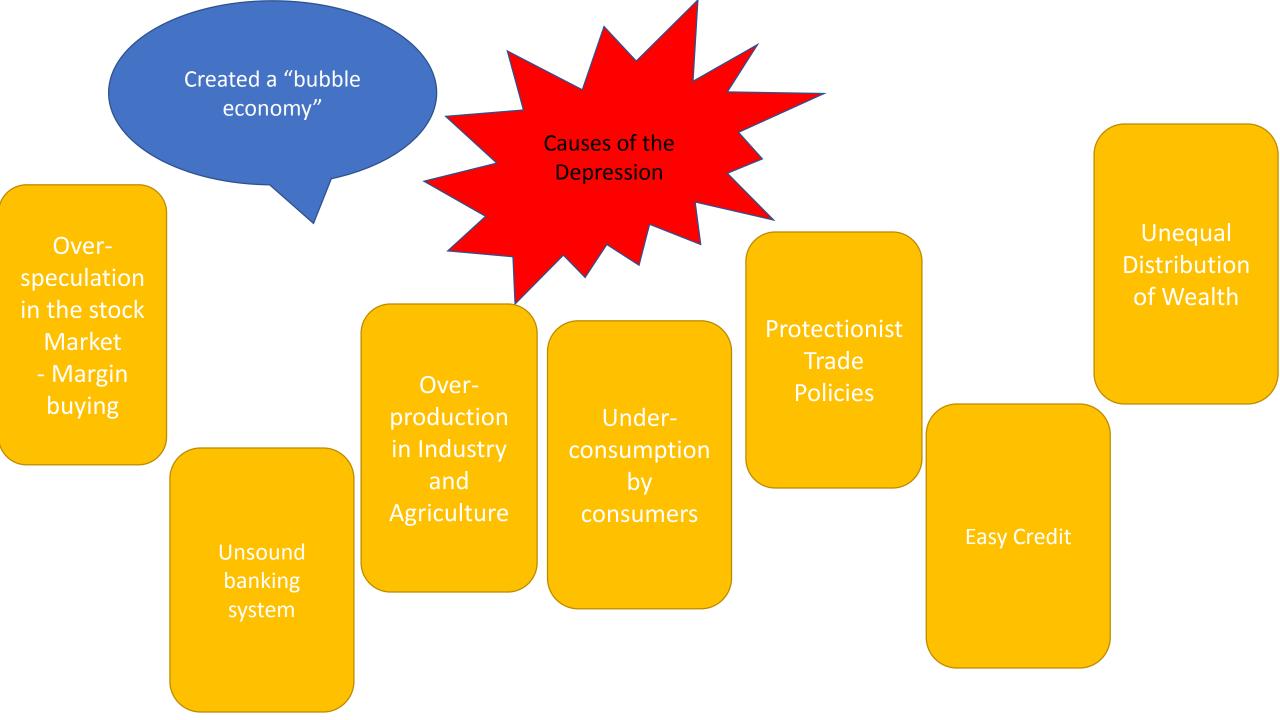
- 1920s Economy
 - Economic Boom (except for agriculture) driven by
 - New Products
 - Easy Credit
 - Government Policies (Harding "return to normalcy")
 - Lower taxes, less regulation, tariffs



OVER-PRODUCTION

- **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

