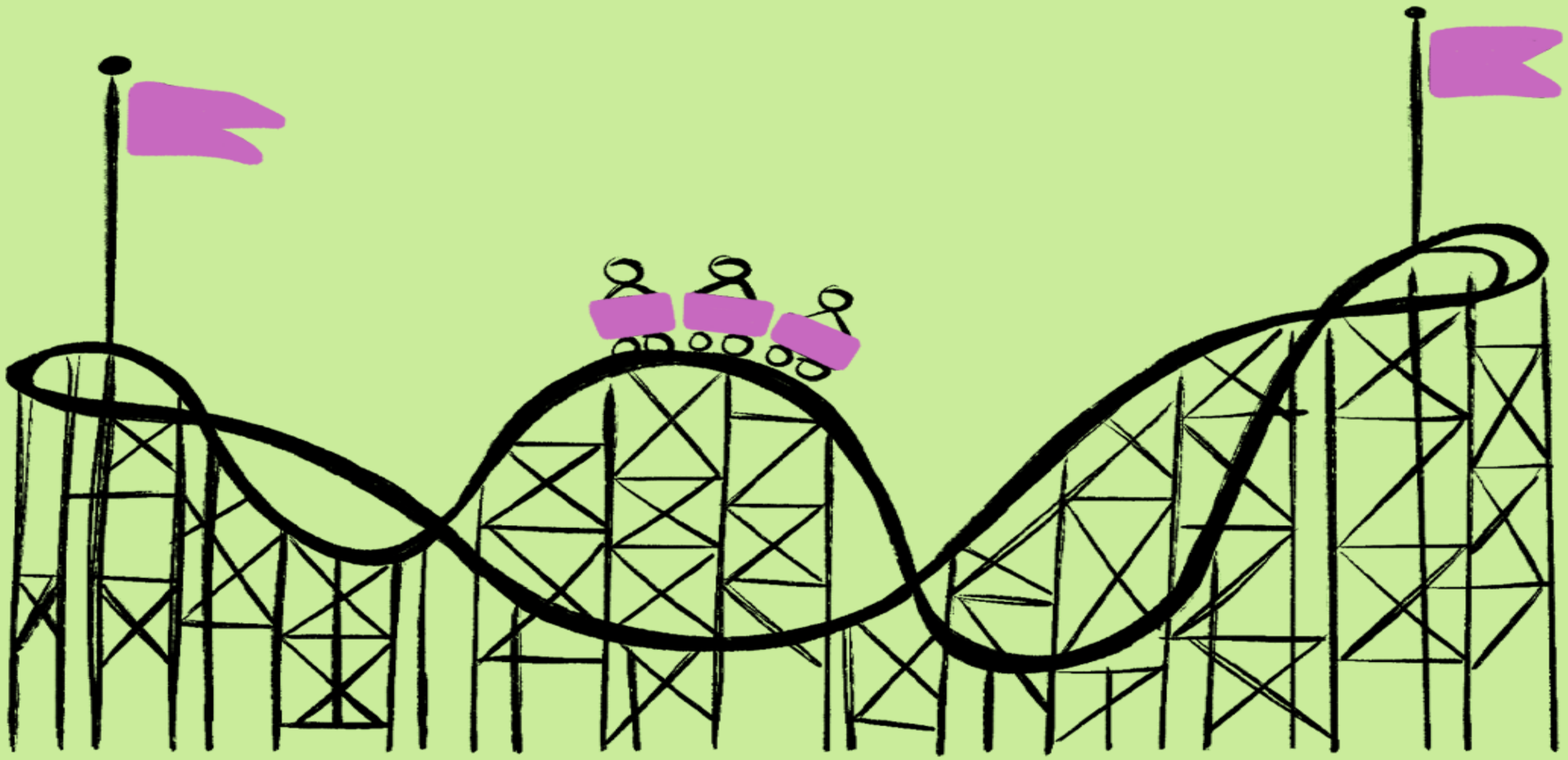


Can you finish…

What goes up, must come ________.

Too much of a good thing, is a ______ thing.

Life has its ups , and _________.

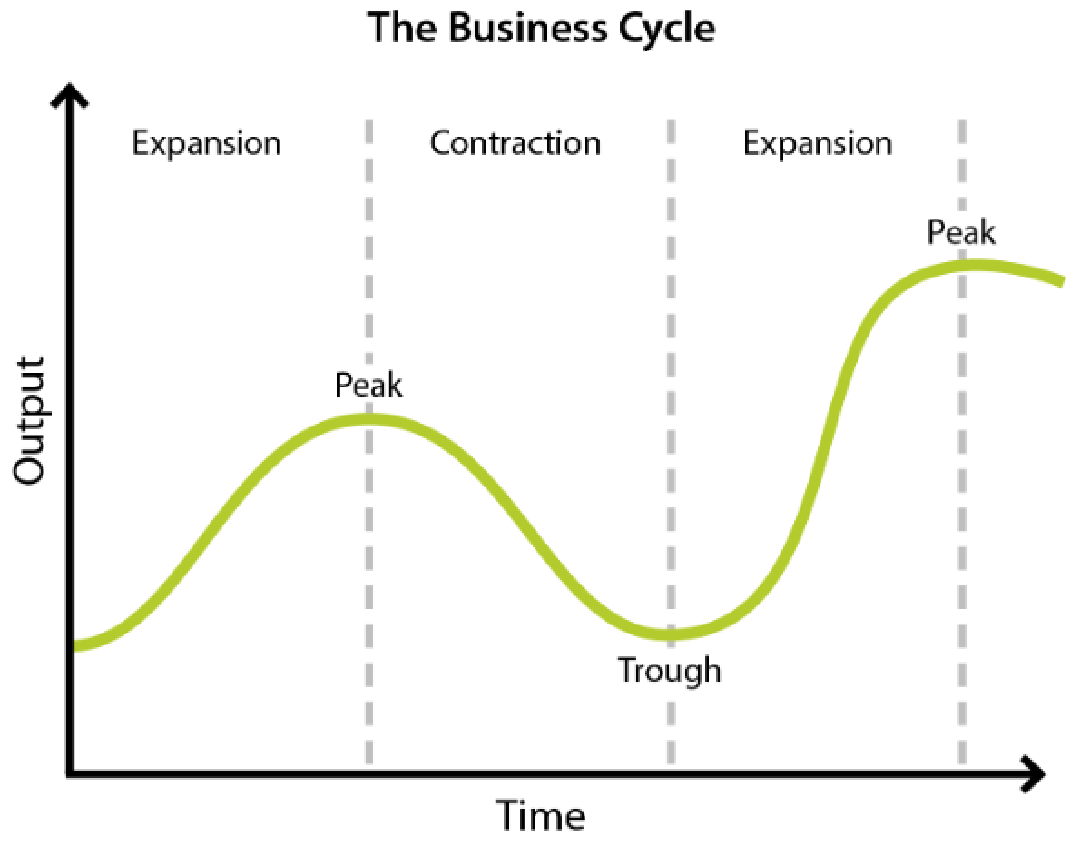
All good things come to an _____________.

What is the business cycle?

The **business cycle** depicts the rise and fall in output (production of goods and services), over time.

Each business cycle has four phases:

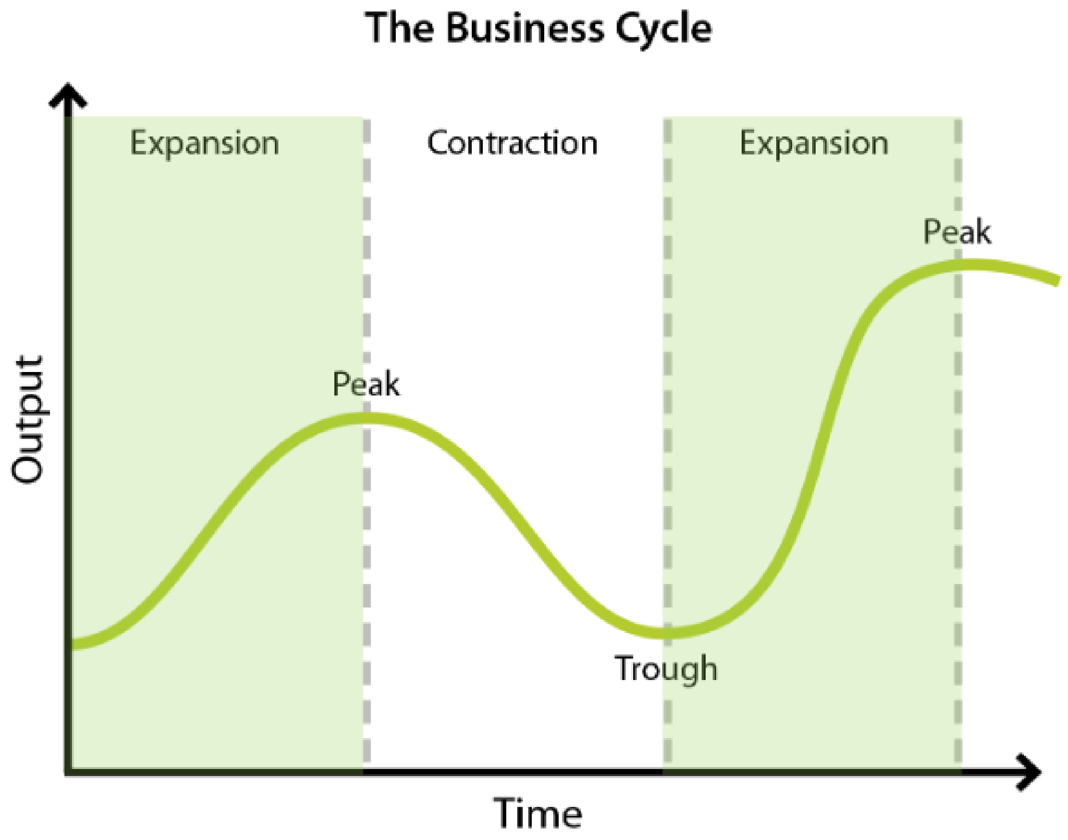
- Expansion
- Peak
- Contraction
- Trough



Economic expansion

The **upswing** of the business cycle towards a peak is called an **economic expansion**.
An economic expansion is associated with:

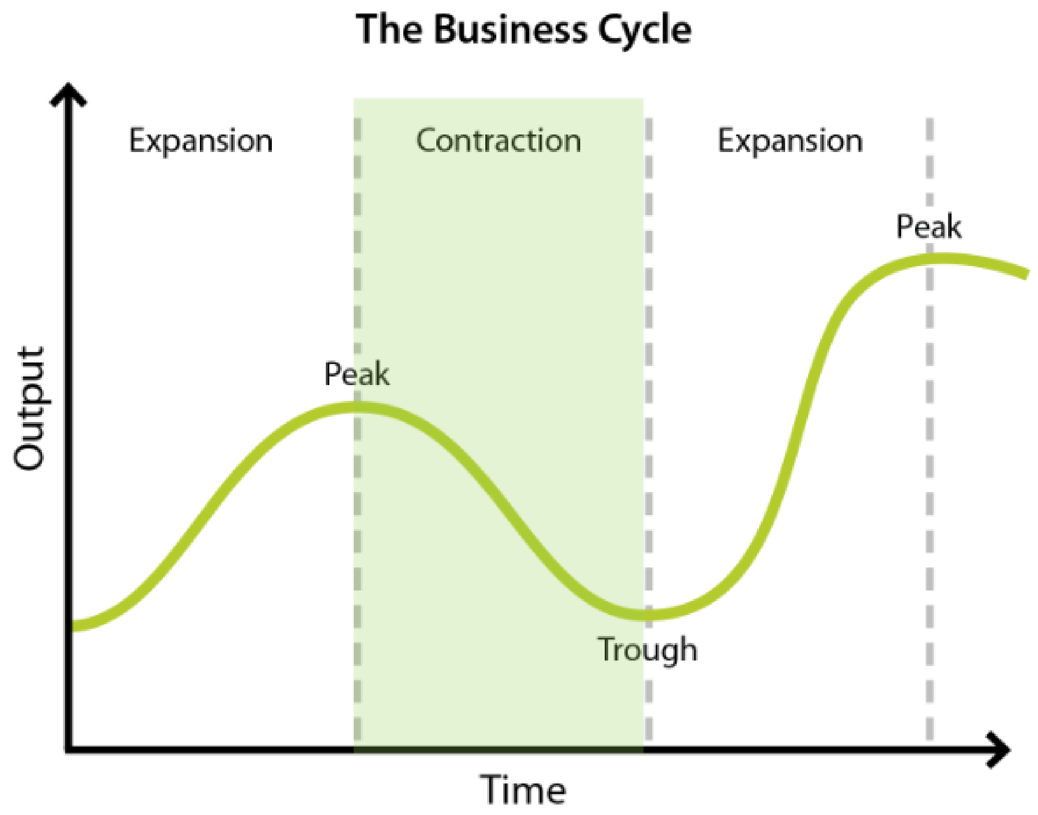
- increase in production/output
- decrease in unemployment
- increase in wages
- increase in consumer spending.



Economic contraction

The **downswing** of the business cycle towards a trough is called an **economic contraction**.
It is associated with:

- decrease in production/output
- increase in unemployment
- decrease in wages
- decrease in consumer spending.



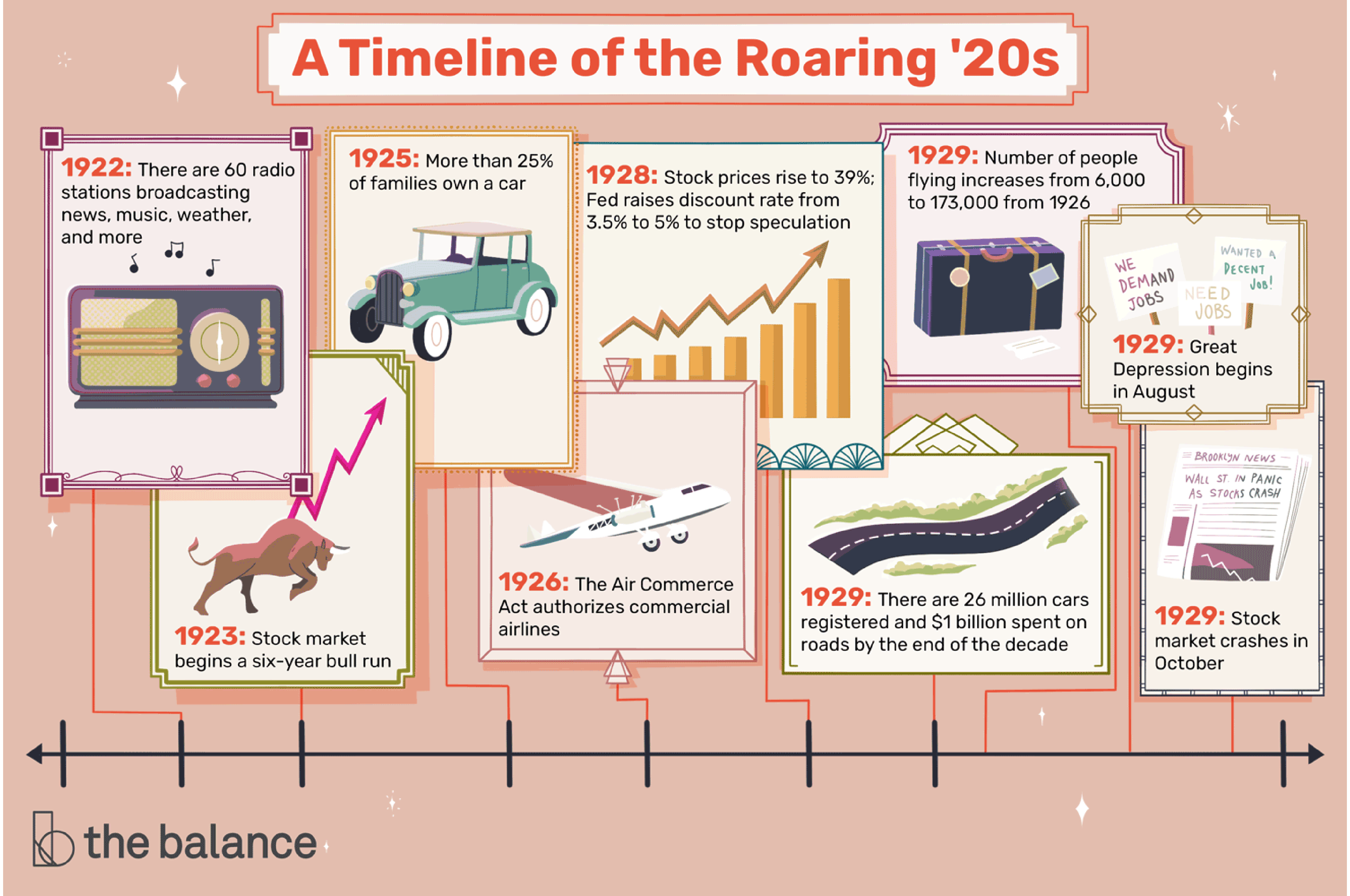
Boom, recession and depression

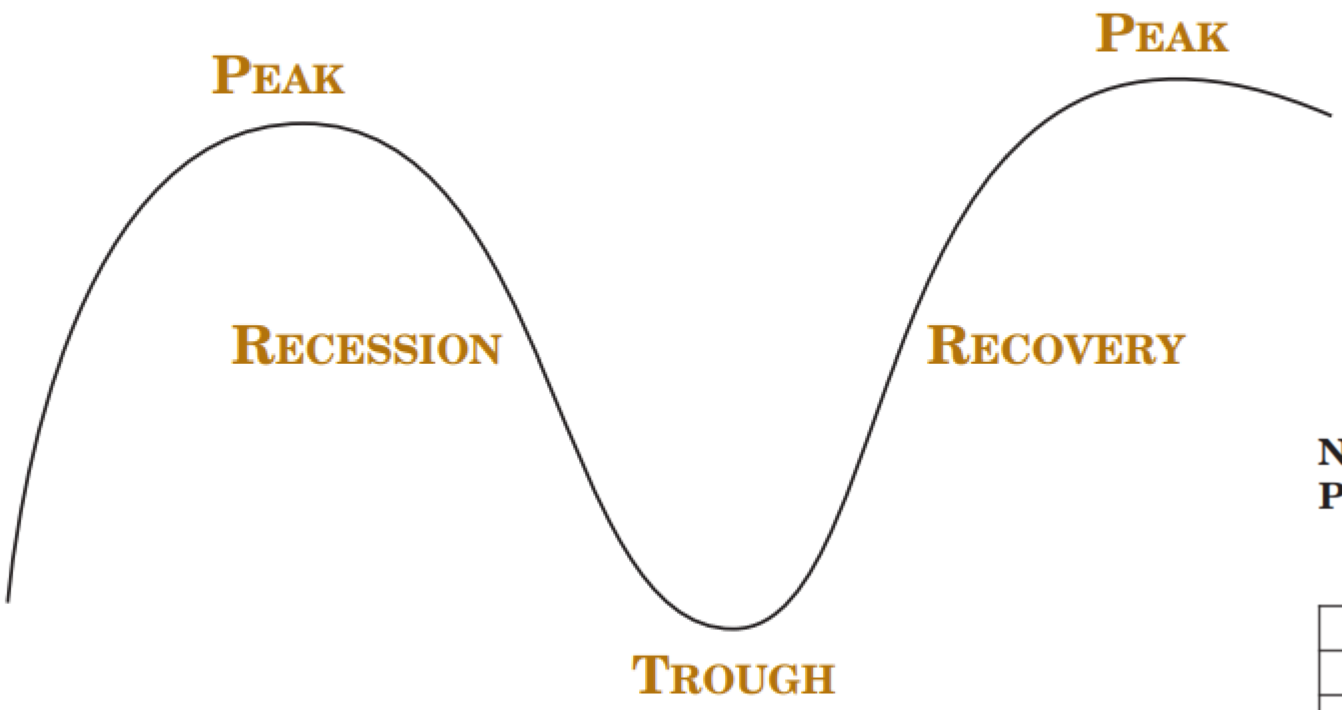
The business cycle can also go through more extreme phases.

A **boom** is a period of strong economic expansion where many businesses are operating at full capacity or above capacity, and the unemployment rate is very low. Income and production are at very high levels. This can lead to rapid growth in prices.

A **recession** is when output has fallen for a period of time and the unemployment rate increases.

A **depression** is a very severe recession. There is a large contraction in the economy, and the unemployment rate is likely to be at a very high level.

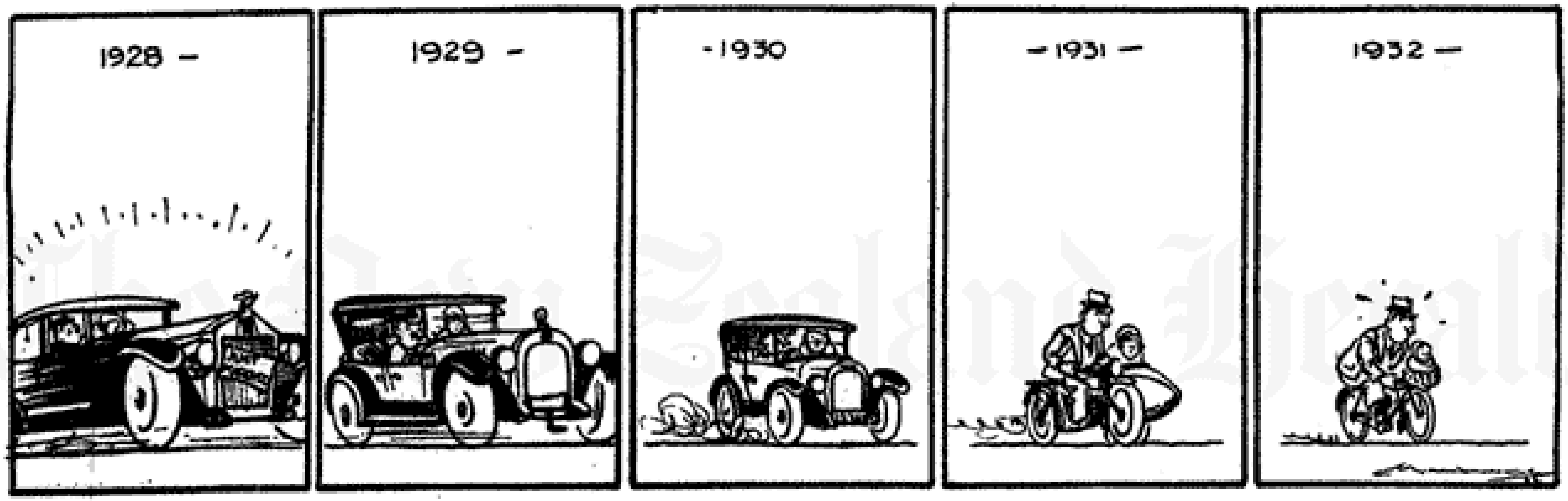

A Timeline of the Roaring '20s
1922: There are 60 radio stations broadcasting news, music, weather, and more
1923: Stock market begins a six-year bull run
1925: More than 25% of families own a car
1926: The Air Commerce Act authorizes commercial airlines
1928: Stock prices rise to 39%; Fed raises discount rate from 3.5% to 5% to stop speculation
1929: Number of people flying increases from 6,000 to 173,000 from 1926
1929: There are 26 million cars registered and $1 billion spent on roads by the end of the decade
WE DEMAND JOBS
WANTED A DECENT JOB!
NEED JOBS
1929: Great Depression begins in August
BROOKLYN NEWS
WALL ST. IN PANIC AS STOCKS CRASH
1929: Stock market crashes in October
the balance



- Demand for durable goods falls
- Demand for investment goods falls
- Workers who make those goods are laid off
- Because these workers now have less income, they spend less — and demand falls further
- Demand for durable goods revives
- Demand for investment goods revives
- Workers are rehired

NUMBER OF U.S. BANKS CLOSING TEMPORARILY OR PERMANENTLY, 1920-1933

Year	Number of Bank Closings
1920	168
1921	505
1922	367
1923	646
1924	775
1925	618
1926	976
1927	669
1928	499
1929	659
1930	1,352
1931	2,294
1932	1,456
1933	4,004



A SHORT HISTORY OF THE DEPRESSION