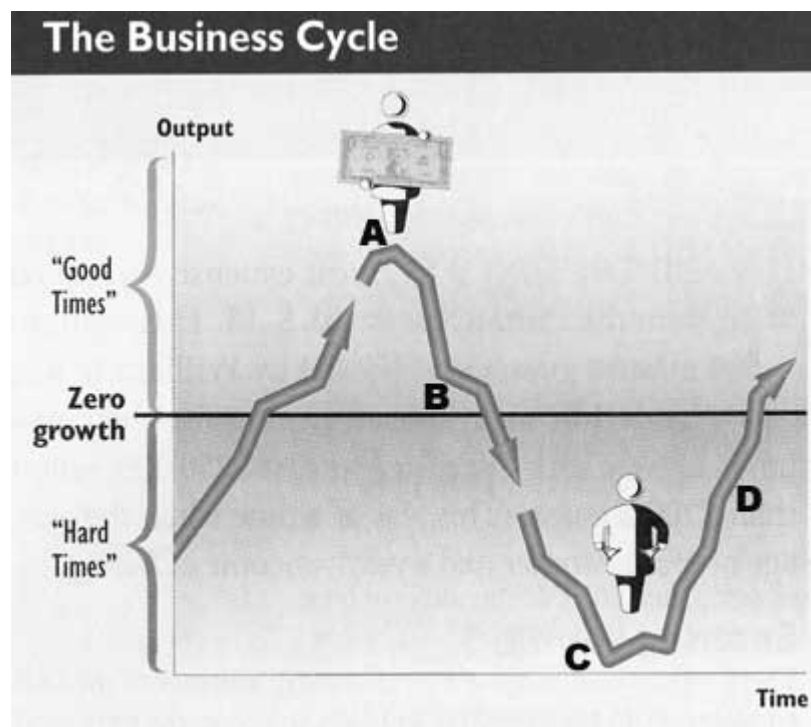


The Great Depression of the 1930's ~ Study Guide ~

Section 1

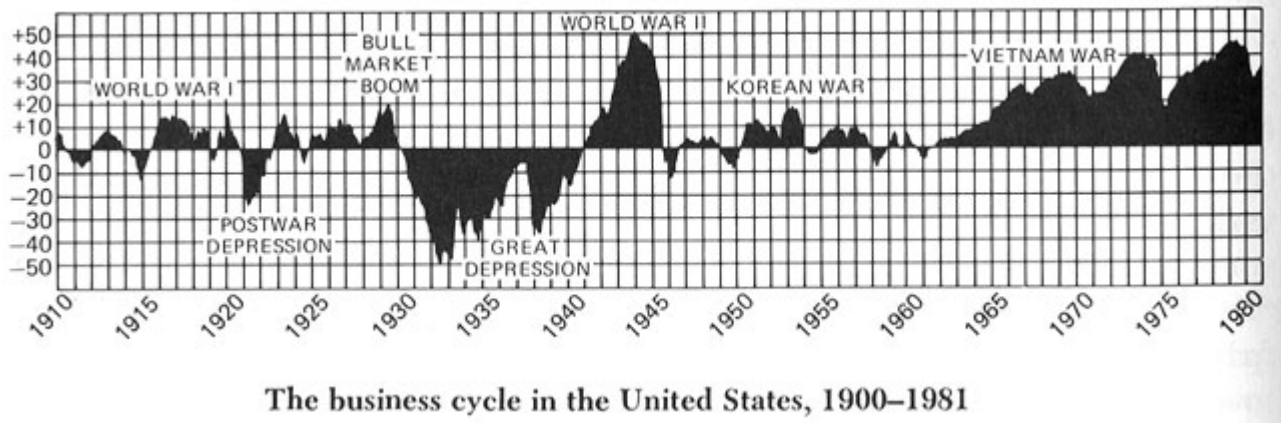
O.K., so now we know what a depression and a business cycle is. Let's work with all of this information a bit before moving on...

Look at the graph below. It shows the business cycle. The line "0" shows "normal" or average business activity.



- ____ 1. Which spot on the graph shows **prosperity**?
- ____ 2. Which spot on the graph shows **depression**?
- ____ 3. Which spot on the graph shows **recession**?
- ____ 4. Which spot on the graph shows **recovery**?

Look at the graph below. It shows the business cycle in the U.S. from 1910 through 1980.



From what we see here, why is the depression of the 1930's known as the *Great* Depression?

What kind of events seem to be good for our economy? Why do you think that this is so?

Section 2

Time out...before we go on, summarize the *fundamental* causes of the Great Depression. You may use only one sentence for each reason, so **think** before you write!

a. _____

b. _____

c. _____

d. _____

e. _____

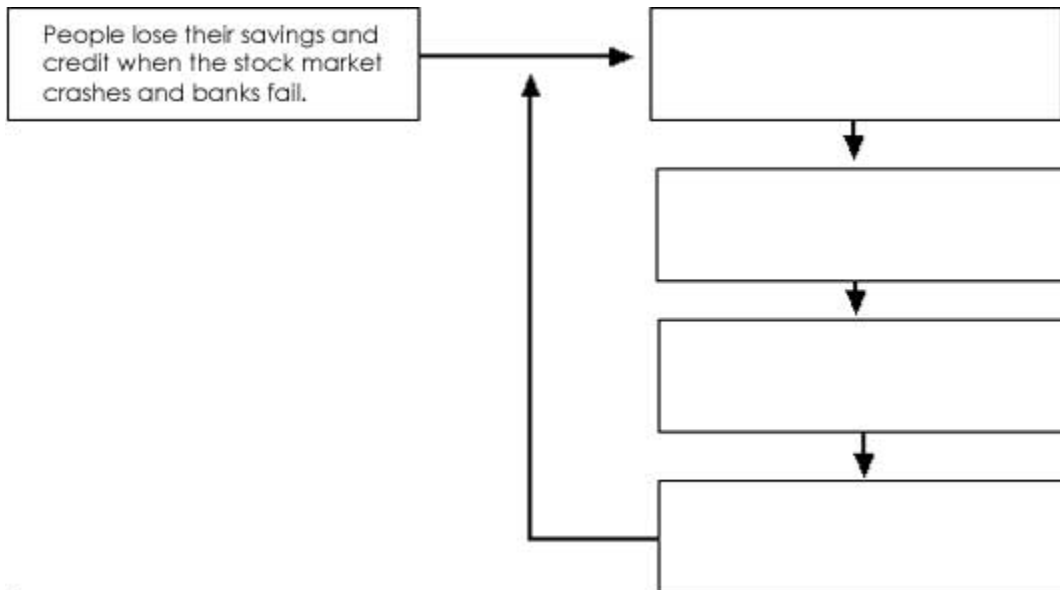
Section 3

We'll be going on to look at what it was like to live during the Great Depression, but first...

Study the *flowchart* below. Based on what you have learned thus far, complete the chart. When done you will notice how the chart sets up the "vicious cycle," sometimes called the *depression spiral*, that we have learned about. To complete the chart, write the four statements listed below in the correct boxes.

- people spend less
- factories produce less
- factories lay off workers
- stores order less

The Depression Spiral



Section 4

Define each term in the chart below

| Bull v. Bear Markets | |
|----------------------|--|
| buying on margin | |
| speculators | |
| bear market | |
| bull market | |

Section 5

Study the cartoon on the next page. Answer the questions on the back of that page.