

Chapter 20

- Recession and Depression
- Economic Indicators
 - Firm spending
 - Consumer spending (expensive items)
 - Supplies pile up
- Aggregate Supply and Demand

Exhibit 1: Hypothetical Business Fluctuations

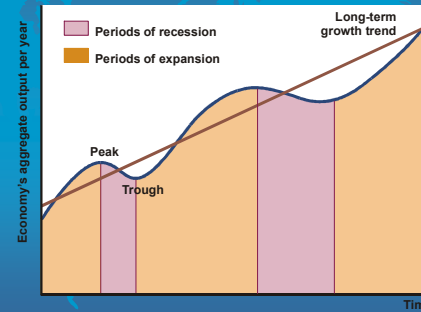


Exhibit 2a: Historical Business Fluctuations in the United States

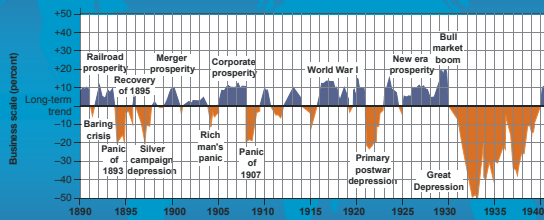


Exhibit 2b: Historical Business Fluctuations in the United States (Cont.)

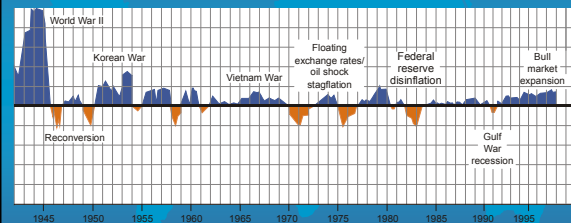
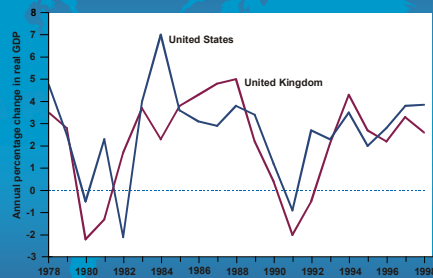


Exhibit 3: U.S. and U.K. Annual Growth Rates in Real GDP



Source: Developed from annual growth estimates published in OECD Economic Outlook, 64 (December 1998), Annex Table 1, and in Economic Report of the President, February 1999.

AS

- How much US suppliers are willing to provide at each and every price level.
- GDP on X-axis
- Price Level on Y-axis

AD

- Willingness, ability and desire of the decision makers in society to purchase products.
- Lets look at some graphs.

Exhibit 4: Aggregate Demand Curve

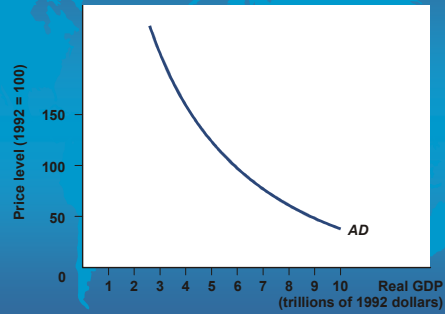


Exhibit 5: Aggregate Demand and Supply

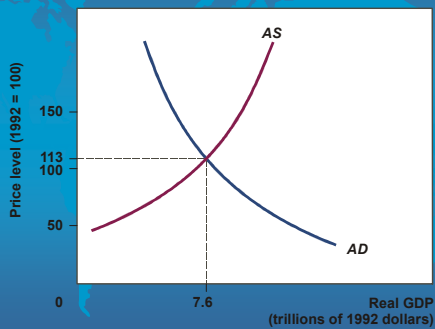
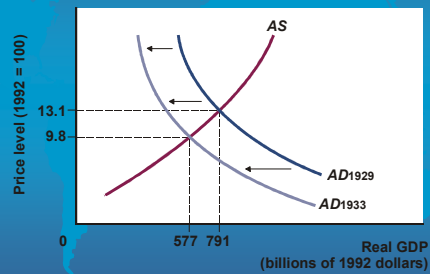


Exhibit 6: The Decrease in Aggregate Demand between 1929 and 1933



Brief US Economic History

- Before 1940s
- 1940-1960s
- 1970s-1980s
- 1980s-present

Exhibit 7: Stagflation Between 1973 and 1975

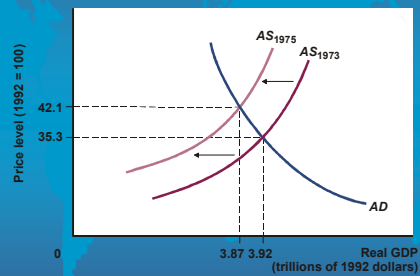


Exhibit 8: Tracking U.S. Real GDP and Price Level Since 1947

