Causes for and effects of the economic depression of the late 1920's and early 1930's

- After years of economic boom the *demand* for goods falls because:
- many people who can afford the goods have already bought them.
- There is a lack of new markets – poor people cannot afford the goods produced (= lack of "demand").

Overproduction

Wage-cuts

 Companies not able to sell a large number of the produced goods make no profit, so they try to cut their costs. They cut wages of workers and make some workers unemployed. This causes a further fall in demand for goods and subsequently a further cutback in production and numbers employed. US government, with loss of taxation income, cuts loans to Germany. Consequently the economic depression affected Europe and the whole capitalist world.

Economic depression



A breadline during the depression years in front of a billboard

Exercise

1. What is portrayed on the billboard? What do you think was the intention of the billboard?

2. Who is waiting in front of the billboard? What could the people in the breadline possibly have in mind looking at the billboard?

3. What could have been the photographer's intention?