



What Causes an Economic Recession



VOCABULARY

- ***Upheaval** – a big change that causes a lot of confusion, worry and problems
- ***Recession** – a difficult time for the economy of a country, when there is less trade and industrial activity than usual and more people are unemployed
- ***Ramification** – complicated and unexpected results that follow an action or decision
- ***Inflation** – a general rise in the prices of services and goods in a particular country, resulting in a fall in the value of money;
- ***Geopolitics** – concerned with politics and the way that geography affects politics or relations between countries

COMPREHENSION CHECK

1. What are the factors that would be impacted directly by a recession?
2. What generally happens to companies if interest rates are high?
3. What causes the fluctuations in inflation and interest rates?
4. Explain how a recession occurs during an economic prosperity?
5. How does psychology contribute to a recession? And policy designed to help prevent recessions?
6. What ended the bronze age recession in Britain? (the adoption of iron)

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LET'S TALK

1. Do you believe that recessions are an inevitable occurrence? Explain why?
2. Is inflation always a bad thing? Explain your point.
3. What is an example of a shock that could cause a recession? Explain how the shock would impact supply and demand?
4. Why do you think so many countries were impacted by the downturn in the United States in 2008?