

## Economic/Business Cycles

### Panic

A condition of extreme concern in financial circles that is prompted by unwise governmental policy or the overly liberal extension of credit and loans. Often accompanied by “bank runs” in which depositors compete to withdraw funds from financial institutions. Panics are often followed by dropping prices, restricted credit, bank and business failures, unemployment and sometimes depression.

Sudden, widespread fear of economic or market collapse, leading to massive bank deposit withdrawals and/or falling stock prices.

Major Panics in U.S. History

- 1819, 1837, 1857, 1873, 1893, 1907, 2008 (truly a recession)

### Recession

The short period centering on the peak of a business cycle; the start of business contraction. A period of general economic decline; specifically, a decline in GDP (Gross Domestic Product) for two or more consecutive quarters.

### Depression

A sustained recession. A period during which business, employment, and stock market values decline or remain at a low level of activity. A period during which business activity drops significantly. High unemployment rates and deflation often accompany a depression.

Major Depressions in U.S. History

- 1893-1897, 1930s