

Understanding the 1920s: Looking at the Economic Numbers

Sometimes a person clinches an argument by saying "Look at the facts" or "Look at the numbers". But there is an old saying, "Figures lie when liars figure." The problem is that different "numbers" may tell different "stories".

Examine the two charts. Discover and then explain the story told by each chart.

Stock Market Price Index -

What does it say about American prosperity?

1921	50 points	If you were an economist and you saw this chart showing the value of stocks on the New York Stock Exchange, what could you conclude about the economy of the United States?
1922	70	
1923	70	
1924	75	
1925	90	
1926	100	
1927	120	
1928	160	
1929	190	

Standard of Living of American Farmers Compared with the years before World War 1 - What Does It Say About American Prosperity?

1921	80% of 1914	If you were an economist and you saw this chart showing the standard of living of American farmers during the 1920s compared to the years before World War 1, what could you conclude about how American farmers are doing? How would it affect American workers if farmers are doing badly? Why?
1922	87%	
1923	89%	
1924	89%	
1925	95%	
1926	91%	
1927	88%	
1928	91%	
1929	92%	

These charts tell different stories about the United States economy. How can we explain this?