

The great depression

After the First World War, Europe found itself in a crisis caused by war debts, while the USA was launched towards a strong economic development.

It resulted in a lot of advantages, like the technological innovation that led to car and radio; and the increase of industrial production, thanks to Taylor's theories and Fordism: this led to the growth of national income and profits.

In spite of this the big supply wasn't balanced by an adequate demand: in fact industries produced too many goods, that were not bought because of salaries poverty. Another factor was the indebtedness of farmers, that predicted a market increase for their products, but they were wrong: in fact, they didn't manage to pay their debts and failed in mass.

Moreover rich people invested their money in speculation, stealing capitals to consume and production: this fostered an increase of stock exchange quotation, that didn't replicate the real economic state.

A Tuesday, on October 24th 1929 started the decrease of quotation in Wall Street: the next day will be known as the "Black Friday" because of the catastrophic consequences that followed.

The crisis spread all over the economic system: many banks failed, loans were reduced and USA lost the most of its income.

As a great part of goods production came from USA, also Europe was affected by this crisis. The worst situation

involved Germany, that was already depressed by the penalties after the war.

The introduction of protection policies led to the commerce decrease.

In the 1930s, the republican party led by Franklin Roosevelt, wins versus the democrats.

Roosevelt thanks to the “New Deal” fought the crisis promoting new public works, benefit to farmers, minimum wage for workers. He also increased public debt ignoring Balanced budget.