**SITUATION IN THE 1920S IN THE USA**

* Period of **GREAT PROSPERITY**, BUT there were PROBLEMS

1. **Unequal distribution of richness** (rich people became much richer, poor people had only a bit more money)
2. **Oversupply** of goods – **SOLUTION**: **CREDIT SALES**: the working class could buy more products because they bought immediately and paid later – **PROBLEM**: when the poor people started losing their job they stopped paying
3. **Two main industries**: **CARS** and **RADIOS** (they developed during the first world war) – **PROBLEM**: they couldn’t expand for ever; when a family bought a car and a radio, they didn’t buy another one for years. So, after a few years, there was an **OVERSUPPLY** of cars and radios on the market
4. **Speculation on the stock markets**

**1929: THE WALL STREET CRASH**

* **Factories** and **banks** closed
* **People** lost their jobs –> **unemployment** increased
* The **crisis** spread all over the world the US economy was the strongest economy

**THE NEW DEAL**

The US President, **Roosevelt**, created the New Deal. The state invested money and employed the poor people without a job to build bridges, roads, public buildings, so they could get a salary