

Research Project 1

Instructions

1. Do research on 4 economic crises:
 - The 1930s Great Depression
 - The 1970s Oil and Energy Crises
 - The 1997 Asian Financial Crisis (Tom Yum Kung Crisis)
 - The 2007-2008 Global Financial Crisis (Hamburger Crisis)
2. Answer the questions WITHIN the space provided.
(ห้ามเขียนเกินหน้ากระดาษที่กำหนดไว้)
3. You can do your work on the IPAD or the printed worksheet (scan and submit), but DO NOT TYPE.
(สามารถ Print แล้วเขียนแล้ว Scan ส่งได้ หรือเขียนบน IPAD แล้วส่งก็ได้ แต่ห้ามพิมพ์)
4. The submission is via Moodle, and the deadline is on Sunday, 7th March.
5. Any student committing plagiarism or suspected plagiarism will receive a mark of 0.

Grading Criteria

- A full mark will be awarded to those who can CORRECTLY answer the questions in the MOST CONCISE and EASY-TO-UNDERSTAND manner.
- Grammatical mistakes will have NO effect your mark, but please try to make your answer as readable as you can.
- You are not required to use all the space provided. Some questions require shorter explanations. As previously mentioned, the more concise, the better.

Hints / Tips

- Probably, you can start by looking through Wikipedia or Investopedia.
- After that, please have a wide range of research.
- Youtube will certainly help.
- Please note that some websites may contain wrong information.
- You can also add some numerical data of ONE country that was affected by the recession to support your answer for the second question.

The 1930s Great Depression

Explain the cause(s) or the story behind the recession.

In 1920-1929 the U.S. economy were expanded rapidly, by the way the production are declined but the stock market were rises than the actual value. Although the wages were low, the economy was struggling by WWI and Bank had an excess a large loan that could not be liquidated, but in the hand the stock prices was increase. Then in October 1929 The stock crashed after stock crashed people that were consume less and unsold product were higher than before. In theory of Keynesian called demand-driven can answer this because people who consume less they thought they want to keep there cash and they buy less, so the demand are decrease that means the production are struggling and they wipe out their labors and unemployment rate were increase. And another thing the industry were produce less, it the cause of bank failure because industry cannot pay for they liability. So this is a cause of The great depression

What happened to GDP (or growth rate), unemployment, and inflation of affected counties?

- GDP fell 16.1% in 1931 and 23.2% in 1932. And G.P.P started increase by 17% in 1934, 11.1%, 14.3% and 9.7% respectively.
 - unemployment rate during great depression peaked at 24.9% in 1933.
 - inflation rate were start decrease by -1.15%, -3.9%, -10% and peaked at -11.3% in 1932 and started increase from -11.3% to 2.9% in 1933.
- Three of this is a example from U.S.

The 1970s Oil and Energy Crises

Explain the cause(s) or the story behind the recession.

In the past, US dollar was attracted by every country because US dollar were tying with the gold and in 1971 U.S. dismiss this system that why OPEC cancel to export oil to U.S. and western countries. Another reason that OPEC cancel to export oil to U.S. because U.S. supported Israel which at that time Israel had problem with countries in OPEC. After OPEC did not export oil to U.S. the prices of oil were increase from 3 \$ to 12\$. In that time oil is a very rare resource and the costs of goods was increase rapidly because in that time oil is a resource that driven the manufacturing. And many companies was bankrupt because they could not pay for cost of production and labor were unemployed. This situation did not affect only in U.S. but also effect to the western country.

What happened to GDP (or growth rate), unemployment, and inflation of affected counties?

The GDP during oil crisis decline to 4.7% in U.S. and 2.5% in Europe.
Unemployment rate are peaked 10.8% in US at 1982.
The inflation in America were increase from 1% per year through 6.7% in first oil prices shock.

The 1997 Asian Financial Crisis (Tom Yum Kung Crisis)

Explain the cause(s) or the story behind the recession.

First start with U.S. want to decrease inflation rate so they slow by increase interest rates. The effect of this decision are many countries in asia.....
change their financial system because they cannot peg the value of currencies any more. They change from pegged to the currency to floating system.
In floating system the value of currency will change by the market with no one control that means many investors are lose their.....
confidence to invest in Asia because the value of currency are very fluctuate. And another cause is during that situation is a booming economy.....
so many company borrow a lot of money to invest, but after interest rates increase they cannot pay their debt, so they bankrupt respectively...
that means the economics are struggle and got recession.....

What happened to GDP (or growth rate), unemployment, and inflation of affected counties?

Countries that got affect of this crisis. GDP fell by double digits. From 1996 to 1997, The nominal GDP per capita dropped by 43.2% in Indonesia
21.2% in Thailand, 19% in Malaysia and 12.5% in the Philippines.....
Unemployment rate rose from 1.8% to 3.3% in 1998.....
Inflation - because of US want to devalue inflation by increase interest rate so it's a caused import prices to rise

The 2007-2008 Global Financial Crisis (Hamburger Crisis)

Explain the cause(s) or the story behind the recession.

Started with... people want to buy a house..., but federal funds are very low, so they going to borrow from bank because...
in that time home loan is low because bank knowing that people who want to buy house have a small risk. In other way, there are a group of financier...
thought that the value of house are increase everyday, so the risk that people cannot pay for loan are very low because they need house to live and...
if they cannot pay, bank can seize the house that the value are more than when debtor buy. After that bank want to expand loan to the group of consumer called...
sub-prime. In this group bank can charge a high home interest because sub-prime is a high risk consumer. In the begining, sub-prime can pay there loan but after that they...
cannot pay because they borrow a lot of money to buy house. After sub-prime cannot pay loan bank lose their financial liquidity. So they solved by create a bank to prime group...
This bond is very attractive because interest of this bond is higher than saving account. Most of people invest with all of money they have but after that bank lose their financial...
liquidity because sub-prime cannot pay anymore. When sub-prime cannot pay bank seize their house and bank need to sold it as fast as they can because...
bank also don't have money left. And finally there a lot of bank were bankrupt because they don't have money and people who invest in that bond also lose...
there saving money.

What happened to GDP (or growth rate), unemployment, and inflation of affected countries?

... In the fourth quarter of 2009 decline in real GDP in the U.S. was 3.4%
... Unemployment rate are peaked at 10% in October 2010 is a highest rate since 1982
... inflation rate average in 2008 is 3.8%, but some month inflation rate as high as 5.4 and 5.6 percent