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.

The 1930s Great Depression or the severe worldwide economic downturn that is most widespread depression, beginning in the US. It had devastating effects in both rich and poor countries. The Great Depression make Down Jones, US stock market, decreased 89.2% in 3 years and can't return to the same point until 1954. The main reason of the depression is after the ending of W.W.I most of soldier were discharged and going to be agriculturist. More labor, Less wages. So, income of population in U.S were decreased 32% in 1931. Moreover, agricultural product prices were increased because the exceed supply. In addition, after WW I, the goverment tried to stimulate the economy by loan. But population didn't have money to pay back. At last, many banks were ruined and the real estate bubble burst in economic system and stock market.

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

The GDP was negative 26.7%. The unemployment in US was highest rate 24.9% in 1933. Businesses lay off workers and jobless workers have less to spend. Lastly, Australia is one of affected countries and experienced high inflation from 1919 to 1920 and then a severe recession until 1923.

The 1970s Oil and Energy Crises

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

The 1970s Oil and Energy crisis is the crisis that oil price increases 4 times from $3 to $12 in a half of year. The reason is caused by OPEC stop sending oil to US in 1973. After the situation, oil becomes rare item, many gas station were closed because there weren't have any oil, and the government need to limit the speed of their cars not more than 55 miles per hour to saved the oil. Moreover, goods price were decreased and many firms can't handle high capital cost somewhere need to lay off employees. In stock market, S&P 500 index was decreased up to 40%.

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

The GDP negative 4.7% in the US, 2.5% in Europe, 7% in Japan, and world GDP drop 3%. The unemployment rate was increased considerably. Canada is one of affected countries in the crisis. So, the inflation rate for 1970 in canada was 3.35%, a 1.22% decline from 1969 and expansion continued.

The 1997 Asian Financial Crisis (Tom Yum Kung Crisis)

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

The 1997 Asian Financial Crisis began in Thailand when value of the baht was greatly reduced. In many years before, the government allowed freedom financial but the exchang rate ~~were~~ was basket of currencies like fix rate. There is a point that was attacked exchange rate from hedge fund. Loan interest rate in the country and foreign countries were very different. Thus, property developers were loan from foreign countries because the ratio debt to capital was 5 : 1 or 10 : 1. The reason is caused by premier, Chavalit Yongchaiyudh, was forced to float the baht due to lack of foreign currency to support its currency peg to the U.S. dollar after trying to support value of the bath when meet financial overextension. Also, the value of money in Southeast Asia and Japan were depressed. Moreover, asset price was depreciated and a precipitous rise in private debt.

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

The GDP in Thailand was negative 12.5%. From the crisis, there were 1.4 million unemployed people or 4.4% of workforce. Thailand, Indonesia, and South Korea are the most affected countries and the inflation was decreased.

The 2007-2008 Global Financial Crisis (Hamburger Crisis)

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

The Global Financial Crisis, known as Hamburger Crisis in Thailand, was an economic problem that emerged from 2007 and 2008. The highlight of the crisis was the slowing down of the global credit market and banking system mobility. The main causes were the sluggishness of the real estate market in US, borrowing and lending that had high-risk, and the debt level of companies and individuals were too high. In US, default and seizure of property had increased noticeably. The prices was not high as expectd and the floating interest rate began to rise. Suddenly, financial problems spread rapidly around the world in 2007-2008

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

U.S. home mortgage debt relative to GDP increased from an average of 45% during 1990s to 73% during 2008, reaching $10.5 trillion. Unemployment were increased. In Thailand, there was deflation because the baht value continued to decline.