

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 Great depression began After WWI, there was the increasing amount of labor in agriculture section. When the labor supply was more than demand which impacted to the wages. Low wages were one of factors for the economic bubble. At the same time, The agricultural prices decreased because the products in the market were more than the demand of product. This decreased the labor wages and increase the unemployment rate. While, the government tried to make the situation better. They were lending out loan to people through the banks to create the economy flown. The expenditure was more than income that people earned. This cause the bad debts in economics. Banks were shutting down because banks had an excess of large loans that couldn't be liquidated. From this impact, people loss of confidence in the economy and business when the market open they started to sell shares in October 1929. This selling is dragging the stock market down and stock market was facing the economic bubble.

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

In the united states, the real GDP fell 30% and The rate of inflation was negative or deflation means that the price of goods and services declines. The unemployment rate exceed 20 percent and homelessness increasing.

The 1970s Oil and Energy Crises

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

The 1970s oil and Energy crisis caused by these 2 events Yom-kippur wars and the Iranian Revolution. Both events resulted in disruptions of oil supplies which created a large shortage in Petroleum supplies and as a result it create high prices in oil. At the time, the U.S had rising oil consumption and increasing import oil mostly from the OPEG. The U.S was joined in Yom-kippur war on the side of Israel and they decided to supply Israel with arms, this angered the Arab deligation of OPEG which responded with an embargo of oil sales to the U.S., Canada, UK, Japan and Netherlands. The embargo shocks the oil market an created a shortage in supply. Oil traders and Companies having to shift supply lines and resources lead to large transport and transaction cost with played into the already high price resulting from the shortage. Moreover, Iran-Iraq war had a devastating effect on both countries and the Iranian Revolution both made the lower level of productions of oil so it caused the prices of oil increasing.

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

The crisis caused a decline in GDP of 4.7% in the U.S., 2.5% in Europe, and 7% in Japan and it caused world GDP decreasing 3% and It has the higher unemployment rate. In 1973-1980 the inflation rate increased 4 times more than the original.

The 1997 Asian Financial Crisis (Tom Yum Kung Crisis)

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

The Asia Financial Crisis is a crisis caused by the collapse of the currency exchange rate and hot money bubble. This crisis started in Thailand after Thai baht plunged value. Then it spread over East and Southeast Asia. The 6 major causes are the current account deficit, the problem of foreign debt, Over investment and Economic bubble in Real estate Business, efficiency of financial institutions, inefficiency in government policy and determinants of the Baht. Firstly, the problem of foreign debt happened when Thailand open the financial liberazation it makes Thailand increasing of the foreign debt. Secondly, the problem in efficiency of financial institution have a problem that they had loss confident in the domestic financial institutions so the goverment decided to support the financial helped to commercial banks and financial companies. Thirdly, the efficiency in goverment policy led to higher interest rates and the financial institutions were inefficient so they cannot check the looseness of the lending.

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

The proportion between foreign debt and GDP has increased a lot. In ASEAN countries rose from 100% to 180% during the worst of the crisis. The unemployment rate reached 4.4 percent and inflation rate increased by 6% and upto 8.1%.

The 2007-2008 Global Financial Crisis (Hamburger Crisis)

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

The Hamburger crisis is the result of a U.S. crash handling real estate loans and weak management of investment banker leads to insufficient liquidity and threatening the stability of financial institution. The crisis caused by Sub-prime mortgage in the U.S. or loads lending to subprime borrows by using real estate as collateral. This crisis has 3 causes. First, the U.S. have speculative bubbles in real estate. The second reason is greed in the mortgage business, people invent many debenture or derivatives that no one understand the impact. In spite of, it has fluctuated in negative way but this are widely used because it provides high return and has risk prevention. The third reason is people lack of understanding to buy or invest in new bond.

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

The crisis caused the declined in GDP of 1.3 in the World GDP, 6.1% in European countries, 17% in Latvia, 1.6% in Poland and 12.7% in Timor-Leste. Unemployment rate increased from 5.6% in 2007 to 6.3% in 2009 and rise in inflation.