

# 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, 7<sup>th</sup> 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.

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

This economic crisis is occurred at the end of 1929. Before that happened is during the first world war between 1914-1918. After the war it is the beginning of the crisis.

From my research, I had found 3 main cause of this event there are :

- 1) The stock market crash of 1929 : On Thursday, Oct 24, the market plunged at the opening bell, causing a panic. Though investor managed to halt the slide, just five days later on "Black Tuesday" the market crashed, losing 12% of its value and wiping out \$14 billion of investments. By two months later, stockholders had lost more than \$40 billion dollars. Even though the stock market regained some of its losses by the end of 1930.
- 2) The Dust Bowl : Farmers were already facing the issue of overproduction and the impact of financial collapse of the economy after the stock market crashed. Farmers also faced a growing drought that cover most of America's farmland.
- 3) Bank failures : After the stock market crashed, people panicked and rushed to withdraw their funds from the bank. Investor could not repay what they borrowed, and bank could not repay the investors from whom they had borrowed.

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

This event impact on all sector of stock at high prices on speculation. Began bankrupt and delisted on the market. It make economic growth turn to crisis. It is cause of GDP decrease. one of five people had lost their job in 1929 it increase to 15-16 million and more people are unemployed in each week. In inflation, rate of inflation was negative the real interest rate was much higher than the nominal interest rate.

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

There were a energy crises between 1967 and 1979 caused by problems in the Middle East. Arab oil producers imposed an embargo. They decided to boycott America and punish the west in response to support for Israel in the Yom Kippur war against Egypt led the price of crude to rise from \$3 per barrel to \$12 by 1974. The price of petrol rocketed, making all transport more expensive.

Oil has become rare. Many gas stations shut down due to lack of gas in the dispenser. People found that there was no gas left to fill their car. Even the government has to control the speed of cars not to reach 55 mph in order not to use more fuel than necessary.

Product prices up. Many companies cannot bear the cost of production. Some places have to reduce staff. Employees who are still employed will find it difficult to shop because product is expensive. The stock market, the S & P 500 fell roughly 40%. Oil had burned everything to the ground.

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

GDP in all major industrialized countries had decrease from 6% in 1973 to 0.1% in 1974. As soon as the oil price rises, the cost of living will increase accordingly. The people most affected are seen to have regular income. It affected more unemployment rate. The impact of rising oil price make product more expensive. It is cause of making inflation. They called "Inflation cost push".

## The 1997 Asian Financial Crisis (Tom Yum Kung Crisis)

Siraphop Chaipak

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

At the summer of 1997 and spread through many Asian market. The currency markets first failed in Thailand as the result of the government... decide to no longer peg the local currency to the US dollar (USD). Currency declines spread rapidly throughout East Asia, in turn causing stock market declines, reduced import revenues and government upheaval.

There are four main reason summarized as follow:

- 1) Current account deficit: Thailand suffers a current account deficit of 14,350 million US dollars. Due to the economic development that was produced for export, it was important in the earlier period.
- 2) Foreign debt problem: Thailand's foreign debt rose as high as \$109,276 million. In particular, short-term foreign debt accounted for 65% of total foreign debt.
- 3) Over-investment and real estate bubble: Real estate prices continue to increase. Causing demand for speculation. Which has attracted a lot of people to invest in the business until it became a bubble economy.
- 4) Attack on the Baht: The foreign investors took the opportunity to attack the Thai baht from 25 US dollars, moving to 50 US dollars in a short time.

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

GDP drop because import more than export. Unemployment rate rose because Private businesses and etc. are close down. The employee was laid off. So, this is cause of protest at that time. This crisis range up inflation between 3.4-5.3%.

## The 2007-2008 Global Financial Crisis (Hamburger Crisis)

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

This economic crisis began by United state of America and continued affect all over the world. Due to the failure of credit management problems. It makes power and reliability of the United State and Western countries decreased. In particular, the reputation of the United States as a world leader has also decreased.

There are 3 factors of this crisis as follow:

1. Using of US economic stimulus policies : Government adjust the price of realty too much. Then it make economic bubble.
2. Managing low quality real estate loans and bad debt : most of loan are subprime. When inflation occurs. Using policy for raise interest to tackle inflation. In the end, result in large amount of bad Or non-performing debt.
3. Speculation of investment banking groups or finance corporation in the United state

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

GDP of United state of America at 1990 are 46% but when 2008 are 73% and 2009 are decreased. Unemployment rate are increased from 4.7% at 2007 to 10% at 2009. For inflation, it lead to lower cost-push inflation.