

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.

Firstly, At that time, people did not have confidence to spend money because of war and crash in stock market in American, leading to decreasing in investment and expenditure, which affected the shape of ^{Economic}.
Secondarily, The wage dropped. At that time, there are too many unemployed soldiers due to the end of world war one. When there are exceed supply of labors, the wage will drop.
As a result, America citizen, have less incomes
Finally, American agricultural interests dropped because there are over production and people did not want to spend money

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

In United States, GDP drop from 790.9 in 1929 to 719.7 in 1930

unemployment increase from 3.2 in 1929 to 8.9 in 1930

inflation rate decrease from 0 in 1929 to -2 in 1930

The 1970s Oil and Energy Crises

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

At that time, oil is very ^{rate and} important thing. People use oil as the cost to produce food, transport and be fuel. Moreover, there are OPEC (the organization of the petroleum exporting countries) that have influence on oil market.

In 1973, there were conflicts between Iran (member of OPEC) and USA, so OPEC stoped exporting oil to USA, which meant the supply of oil decreased. As a result, the price of oil significantly increased from 25.97 \$/BBL in 1973 to 46.35 \$/BBL in 1974.

In that time, there was the increasing in inflation because the cost of oil increased. However, GDP decreased because the demand of oil decreased, leading to recession.

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

At that time, GDP decline 4.7% in US, 7% in Japan, and 2.5% in Europe.

In 1973-1980 the inflation rate increased 4 time, which ^{was} higher than befor and there was also _{much} higher unemployment rate than befor.

The 1997 Asian Financial Crisis (Tom Yum Kung Crisis)

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

At that time, Thai people tended to borrow money from foreign banks because of lower interest rate, and also Thai government implement the policy that can make money freeze in order to make the economy in Thailand better. Because of low interest rate, Thai people borrowed a lot of money from foreign bank to invest in stock and real estate markets for speculation, which made the price of lands much higher than before. That caused the economic bubble.

At that time, some people who borrowed money to invest in stock market could not pay money back to foreign banks, and the money that was borrowed did not make the economy in Thailand flourish like government's expectation. As a result, the reserve money that used to make money freeze run out so the government decided to float Thai bath. The currency flowed to its actual value, making Thai people have a lot of debts.

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

At that time, the GDP in Asia rose dramatically from 100% to 180%. Unemployment rate was up to 4.4% and inflation rate increase from 6% to 8.1%.

The 2007-2008 Global Financial Crisis (Hamburger Crisis)

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

In 2008, Americans and banks believe that the price of house never dropped so banks decided to let sub-prime borrowers (no credit borrowers) borrow money for buying houses, and banks also let investors to invest in mortgage security in order to get more interests.

However, sub-prime borrowers defaulted to repay debts so the banks seized assets (houses)

At that time, there were so many houses that were confiscated, so the banks sold so many houses that they confiscated to get money, which makes the supply of houses increase dramatically

As a result, the price of houses decreased, meaning the asset of the bank drop so the banks bankrupted because the money, which the banks let the borrowers borrow for buying houses, is much higher than the money that they get from selling the houses back.

For the investors, they stop buying mortgage security from the banks.

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

This crisis caused the decreasing of GDP in a lot of countries, 1.6 in Poland and 6.1% in European countries. Unemployment rate reach 6.3% in 2009 and there was also increasing in inflation rate.