

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.

After the first world war is over America is one of the victors and has an economic prosperity. Many things changes and grow up know as The roaring 20s. Many people has more income before because people are back from the war, delayed projects start to develop again, and more women enter the workforce, so more people have more salary to spend things that they want. In this era, cars, radio, and phone are very popular, and every things are looking pretty good, so the banks are giving out loans to everybody, and people can buy the new gadgets, but people want to be more rich, so they start to invest in stock markets. Every one is trading like they have a lot of money and the stock market become popular trend that people take more loans to invest more. Stock market growth is highest on 23 September 1929, but 1 month later, stock market is crash on 29 October 1929 know as Black Tuesday. The cause is economic bubble. The stock market grows too much, and it grows just a number not a real value, and Black Tuesday make most people panic, and they come to bank to withdraw know as Bank run. Many banks don't have money because of withdraw, and must close down, and another cause is the cheap price of agriculture goods during 1920. Many farmers lost their lands because they mortgage their lands to bank cause farmers don't have their own properties.

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

In America,

- The unemployment rate is highest in 1933 24.9%.
- The GDP growth is lowest in 1932 and 1936 -12.9%.
- The inflation rate is lowest in 1932 -10.3%.

The 1970s Oil and Energy Crises

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

The Yom Kippur War started in early October 1973 because Egypt and Syria striked Israel on the Jewish holy day. Soviet Union start sending weapons to Egypt and Syria, and U.S. President Richard Nixon start sending equipment to Israel. This cause members of the Organization of Arab Petroleum Exporting Countries (OAPPEC) response by reduce their petroleum production, and announced an embargo on oil shipment to United states and the Netherlands. Although the Yom Kippur War ended in late October. The embargo and limitation oil production was still exist, and caused international energy crisis.

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

The 1973 oil crisis caused a decline in GDP of 4.7% in United States, and It was unlike from many previous recessions because it being a stagflation, where high unemployment concured with high inflation.

The 1997 Asian Financial Crisis (Tom Yum Kung Crisis)

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

It starts from Japan's appreciation increases, and Japan has many important producers, so they must move their factory to Thailand, because of lower capital. This makes Thailand's economy grow very fast, and commercial banks open RMB which is loaning from abroad, and giving loan's money in country. When Thai people loan. They will get dollar, and have to exchange to Thai baht, so the demand of Thai baht will increase. To keep the constant exchange, and the constant exchange's ratio is 25 baht: 1 dollar, so Bank of Thailand must increase quantity of Thai baht to keep the constant. In that time, people can easily loan. Many people loan money to invest stock, land, and real estate, such as loan money to buy a house, and sell with more expensive price, and return principle and interest. Remainder money is profit. When demand is increasing price is increasing until price is more than real value known as Economic bubble. Furthermore, people has more income, and value of money is constant. This makes the import of expensive products become increasing. Foreigner investor start cancelling their investment, need of dollar is increasing, and make value of Thai baht start depreciation. Many speculator use their saving Thai baht exchange to dollar in ratio 25 baht: 1 dollar, and sell dollar from exchange in foreign market which is real value, so this makes them a profit. Make Thai baht become more depreciation, so Bank of Thailand use their reserve funds to buy more baht until dollar almost gone, so it must announce to floating exchange rate which is 56 baht: 1 dollar.

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

In Thailand, GDP is -12.5%. Unemployment rate increase because of paying debts, and lay off workers to reduce cost. Inflation is 3.4 - 5.7%.

The 2007-2008 Global Financial Crisis (Hamburger Crisis)

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

The real estate industry of United States speculates residences causes Economic bubble because bank release low trustworthy credits or low quality credits (Subprime) too much known as "Subprime mortgage crisis". There were many mortgagor use low quality properties for ensure in that time because of low interest including banks have agreement make people can buy houses eventhough they don't have ability to pay. Aftermath, debtors can't adapt anymore because interest is increasing after Fed changes policy which increase interest rate in 2004. The residences' price is decreasing, but debtors can't pay their debt. This causes confiscation all over in United States until cause huge crisis.

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

United States

- GDP increase because of home mortgage debt.
- Unemployment is high because they don't have residence.
- The inflation rate is 3.8%.