Research Project 1

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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.

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The 1930s Great Depression

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

In 1929 many countries got damaged from WWI, after that the countries in Europe recover their county by boosting their economy by investing in stock market that make many middle-class people or people who never invest in the stock market because they following others come to invest more in stock market. When many people invest more money in stock market, goods in the market are surplus because people use money for investing not for buying goods that make some production need to stop producing goods. Some people saw this is not a good economy, so they walk out from the stock market but some people ignor that problem and keep investing that make on the time the stock market are fluctuate. By the time, on 24th October 1929 "black thursday" many people sell the stock that make many problem like price of stock down or unemployment rise by 24.9% in US. This situation not only affact the US but also affact to the world from trading and globalization.

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

In US, from 1929 to 1932 the real GDP (billion of constant $ 2005) are fall around $300 because people keep money to invest that make some goods in the market can't sold. So, the industrial production falls by 46% during the recession that make percentage of unemployment rate rise by 607%. Then the deflation occured because people want to keep money due to the expectation of monetary will more badly.

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The 1970s Oil and Energy Crises

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

The first oil shock was occured in 1973 from the conflict of Israel and Arab. Most of Arab are members of OPEC, in that period the world economy are boosting. From the conflict, oil was a weapon to bargain with other countries which not supported seller's country, seller will not sell the oil to opponent's supporter country or the country that not support any party, they need to buy the oil with high price. This crisis affact the world economy because Arab and Israel is a big sources of world's oil, also oil is the most important element to drive the economy and cars. From the first oil shock, OPEC gain more benefits from the oil weapon. The second oil shock or energy crisis occured in 1978, Iran (OPEC's member) was revoluted inside the country. From the revolution, employee in the country protested and stop working, oil industrial was stoped too. The world's economy falls down and oil price raise again.

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

From the energy crisis affact to GDP of many countries fall down such as GDP of US falls by 3.2% during the crisis, also unemployment and inflation rate was affacted but not much.

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The 1997 Asian Financial Crisis (Tom Yum Kung Crisis)

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

Tom Yum Kung Crisis cause by Thai government want to set exchange rate at 25 THB = $1 by trading dollar money and THB money in the market. Then many people lend money from the bank to invest with asset like house that cause the price of the asset over the normal price, called housing bubble. On that time Thailand import many product till import more than export. When creaditor know import more than export, the creaditor need to get money back from debtor and also the foreigner took money back. Some of investor see a chance to gain profit from THB, they buy THB money at 25THB/dollar and exchange with other country. Thailand bank can't stay with 25 THB/dollar, so they unlock 25 THB to be the real price around 50 THB. When THB weak many foreign company need to use more THB to settle, some company that didn't have money need to close that need to lay off employees, also the hausing buble break out which mean price of house decreased. When Thailand got crisis the investor didn't want to invest with neighbor of Thailand that make many company move out from Asia. Lastly, when THB was weak, the export part of Thailand increase, so it turn back to normal situation.

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

Certainly GDP in Thailand during the crisis was droped because of import more than more than export and also foreigner move out the production base. Some of the company need to close because its can't find THB to give back to creditor, it cause unemployment rate increase. For the Thailand inflation was low that around 3.4-5.7%

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The 2007-2008 Global Financial Crisis (Hamburger Crisis)

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

Hamburger crisis cause by the federal funds are very low that make many people borrow money to buy asset, when many people want to buy many have cause the price are high. When interest rate higher than before, suppprime lenders can't pay back anymore then they need to pay back with asset. So, this crisis came by the greedy of the bank that want people to lend money. The solution of this crisis is bailout programs financed by people.

Causes of Problem

- US gain much of money from foreign that causes housing bubble problem.
- Greedy of mortgage bussiness → many types of loan that some of it make many bad impacts.
- Many people didn't have knowledge about investment.
- Too easy and low-quality to loan.

Triggered of problem → many people didn't have money to pay back that cause price of asset decrease or bubble break out.

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

During the recession the GDP of US fells by 4.3% and unemployment rate reach to 10%. On that time, the deflation may occured because people need to bailout the money that make the money on that time are more valuable.