



## **[Frequently Asked Questions]**

### **Depression, Hyperinflation and Deficit**

<b>Subject:</b>	Business Economics
<b>Course:</b>	B. A. (Hons.), 3 <sup>rd</sup> Semester, Undergraduate
<b>Paper No. &amp; Title:</b>	Paper – 301 Microeconomics-I
<b>Unit No. &amp; Title:</b>	Unit – 5 Economics of Great Events
<b>Lecture No. &amp; Title:</b>	Lecture – 1 Depression, Hyperinflation and Deficit

## **Frequently Asked Questions**

### **Q1. What do you mean by depression?**

**A1.** Depression is equal to economic collapse which talks about the bad economic conditions, ranging from a severe, prolonged depression with high bankruptcy rates and high unemployment.

### **Q2. What do mean by hyperinflation?**

**A2.** Hyperinflation is one type of inflation which is very dangerous. During this, the prices of the commodity get double or triple digit rates from 20 to 100% per annum or even more.

### **Q3. What do you mean by deficit?**

**A3.** The amount by which a resource falls short of a mark, most often used to describe a difference between cash [inflows and outflows is called deficit](#).

### **Q4. Name first five highest deficit countries?**

**A4.** USA, UK, India, France, Turkey.

### **Q5. What is the cause of 1930's depression?**

**A5.** The prices of share market decline till 1932. The banking system broke down in the first quarter of 1933. During this the asset prices went down, bank lending has been ceased, a quarter of American work force was unemployed and the real G.D.P. per capita in 1933 was 29% which was below 1929 value.

### **Q6. What was the cause of hyperinflation in china?**

**A6.** China was the first to use the Fiat currency and had early history of troubles caused by hyperinflation.

**Q7. What is U.S. Embargo Act of 1807?**

**A7.** This Act forbade foreign trade with warring European Nations. The cause of depression was the heavily international trade – dependent economy.

**Q8. What are the various causes of hyperinflation of Germany?**

**A8.** Firstly in the January 1920 and peak inflation was 56.9% secondly it was on 1922 to December 1923 and the peak month was November in which the rate of inflation went for 29525%. This happened due to gold value of money in circulation fell down that means bank notes had lost so much value that they were used as wall paper.

**Q9. Give a brief not on Russian crises?**

**A9.** The Russian Federation, in August 1998, was caused by low oil prices and government expenditure cuts after the end of the cold war. The other nation of Soviet Union also experience economic collapse and also number of crises involved armed conflicts.

**Q10. Which are the causes of Philippines?**

**A10.** Inflation caused due to issuing of Fiat money during World War – II for general circulation. They have issued another at the same time like 'Guerrilla Money'. The Fiat money was dubbed 'Mickey Mouse money' because it was similar to play money and is next worthless.