

# How to get away with a crisis?

## *Economy Studies Essential Lecture*

### Instructor's Guide

#### **Economy Studies Essential Lectures**

These teaching packs are designed for 90-minute (online or offline) sessions that can be added to existing courses. They help students become familiar with an important topic that is often neglected. At some universities lectures and sessions are typically longer than 90 minutes and at others shorter. Feel free to adjust the material to make it with your context and purpose.

#### **Keynesianism and the economic crises of the 20th Century**

Crises are a key part of the history of the global economy. The impact of a crisis on the broader economy depends in large part on the policy taken by governments to respond to the crisis. This lesson introduces students to the crisis management theories of John Manard Keyens by presenting them in the historical context of the Great Depression, the Post-War increase in the state in managing the economy, and the Energy Crisis of the 1970s. It then encourages students to think critically about the responses to contemporary crises. Your role as a teacher is to help them identify which parts of Keynes's theory could be relevant to interpret the response to crises.

#### **Outline:**

1. Introduction and Motivation
2. The Great Depression (1929 - 1941)
3. The (general) theory of Keynes (1936)
4. Expansion of the State (1940s - 1960s)
5. Stagflation and Energy Crises (1970s)
6. Crisis and you!? (21st Century)

#### Learning Outcomes

- Understand the Great Depression of the 1930s
- Comprehend the theory developed by J.M. Keynes in relation to the crises
- Connect the Keynesian theory to the expansion of the State in the mid-20<sup>th</sup> Century
- Identify the shortcoming and complexity that emerge with the oil shocks
- Reflect on the implications for crises in the 21<sup>st</sup> Century

## Transferable Skills Developed

- Think critically (interpret the impact of economic crisis and the role of the state)
- Understand the link between theory and historical events

## Prior to session

### Readings:

Richardson, Gary. (2013) "The Great Depression, 1929 -1941" Federal Reserve History. Retrieval from:

<https://www.federalreservehistory.org/essays/stock-market-crash-of-1929>

### Suggestions for further reading:

Heilbroner, Robert L. (1961) *The Worldly Philosophers; the Lives, Times, and Ideas of the Great Economic Thinkers*. New York: Simon and Schuster. (Chapter 9, pp. 248 – 287).

Stockhammer, Engelbert. (2018) "Post-Keynesian Economics" in Fisher et al. *Rethinking Economics: An Introduction to Pluralist Economics* pp. 6 - 18.

## Plan of Activities

Duration	Instructor Activity	Student Activity
<b>5 mins</b>	Introduce the topic and structure of the lessons. Share with the students why this topic has contemporary and theoretical relevance (Motivation)	
<b>15 mins</b>	Present key stylized facts about "The Great Depression (1929 - 1941)"	
<b>15 mins</b>	Encourage the students to discuss critically.	Critically discuss the connection between the Great Depression and the Covid 19 crisis
<b>20 mins</b>	Present key theoretical insights provided by "The (general) theory of Keynes (1936)"	

<b>5-10 mins</b>	Present key stylized facts about "Expansion of the State (1940s - 1960s)"	
<b>5-10 mins</b>	Present key stylized facts about "Stagflation and Energy Crises (1970s)"	
<b>30 mins</b>	Encourage the students to discuss critically via the activity "Crisis and you!?" (21st Century)"	Find policies and statistics about the 2008 Global Financial Crisis in your country. Think critically about the effect of the crisis and the policies.

### **Instructions for "Crisis and you!?" (21st Century)" Activity**

In this activity students will work in small groups to analyse their country's policy response to the Great Financial Crisis of 2008.

Break students into small groups and distribute the attached worksheet.

Students will then have 10 minutes each to answer the following:

1. The policy response: Identify three policies that were adopted in your country after the financial crisis of 2008.
2. The Effects: Find four statistics (e.g., inflation, unemployment, GDP, poverty, government spending) to illustrate the effects of the crisis/policy intervention.
3. What do you think?
  - a. Were the policies successful?
  - b. Which groups were the most impacted by the crisis?
  - c. How were these groups affected?
  - d. What could have been done differently by policy makers?

### **Possible Homework Assignment**

You can instruct the students to reproduce this exercise in the format of an essay, which will allow them to continue the reflection. Examples of crises include the Lebanese liquidity crisis of 2019, the Latin American debt crisis of the 1970s, the 1997 Asian financial crisis, and the Sri Lanka economic crisis starting in 2019.

- Repeat this activity for a different economic crisis in a country other than your own.
- Write your results in an approximately 500-word essay.