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## Recession Lessons

Rachel Hatch

*Illinois Wesleyan University*, [iwumag@iwu.edu](mailto:iwumag@iwu.edu)

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# Recession Lessons

**Hard times provide professors with a wealth of real-life examples to share with students.**

Story by **RACHEL HATCH**



**A sign of the times. Home foreclosures and high unemployment have “provided a wealth of real-life examples of what we have been teaching all along,” says Economics Chair Diego Mendez-Carbajo.**

students that inflation is a problem, but the economy has been going for 10 consecutive years with low levels of inflation, no one believes you,” he says. “It’s ironic, but a recession can be perceived as a blessing for teaching economics because it can put things into perspective.”

The lessons being taught in classes have not changed, but the economic downturn is providing students with a new awareness. “I’ve always talked about the ups and downs of the business cycle,” says Professor of Business Administration Bill Walsh, who teaches courses on management and human resources. “The only difference now is that students aren’t thinking of these cycles in terms of history anymore.”

According to the National Bureau of Economic Research, the last two U.S. recessions, in 2001 and 1990-91, lasted only eight months each. The next closest recession, in 1981-82, ran 16 months. In comparison, the Great Depression is estimated to have lasted from the early 1930s to the early 1940s. The bureau states the current recession started in December of 2007 and has not officially ended, though that idea is under debate.

Debate rages whether the latest recession is at an end, but economics and business administration professors at Illinois Wesleyan agree the uncertain times have provided a chance to connect with students.

“As they say in academia, this is a great teaching moment,” says Diego Mendez-Carbajo, chair of the Economics Department. “It is providing a wealth of real-life examples of what we have been teaching all along.”

Teaching about unemployment and inflation can be difficult in an economically successful country, says Mendez-Carbajo. “When you try to teach to our

Assistant Professor of Economics Amit Ghosh says, “When we talk about foreclosures, we talk about the strain on the families, of parents finding new housing, of children being forced to change schools,” he says. “Now more than ever, students can relate to those situations. I’ve had students come up to me and say, ‘This is happening to my cousin,’ or ‘I know someone who is facing this.’” Ghosh arrived at Illinois Wesleyan in 2008 as the banking crisis unfolded. He began teaching “Money and Banking” that same year. He says he revised his class in 2009 and dedicated a whole section to understanding the banking crisis. “I also bring in a local banker to talk about what is happening,” he adds.

One challenge for faculty is helping students keep the current recession in a larger economic perspective. “You have to make sure students know this is not the beginning, nor is this the end,” says Elisabeta Pana, assistant professor of business administration, who teaches courses on finance. “While the crisis is behind us, we now have to deal with the consequences of what was done to avoid a depression.”

Part of Pana’s research is to understand how undergraduate and graduate professors around the globe incorporate events into curriculum. She says while many professors initially reacted in an almost “improvisational” way to the crisis — that often involved fielding student questions about who was to blame — the movement now is exploring a deeper understanding of events. “What we learn from this crisis is important. It’s important to understand how far away we are from the next crisis,” she says, adding many professors are asking, “How different will the next one be? Can we identify the early signs of a new crisis?”

Whether or not we will see the next crisis coming, the current recession has shed a bright spotlight on the economy, which offers faculty the chance to reach out to students. “Every economist will tell you if you want to teach in a relevant manner, you must connect your teachings to what is happening in the world,” says Mendez-Carbajo.

“These are concepts we have always taught, but now they seem more relevant. It’s like saying to someone, ‘Funny you should ask about the Federal Reserve; did you see the paper this morning?’”