

Dec-2009

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## Recommended Citation

Holman, Andrew C. (2009). Crisis? What Crisis?: Global Recession and Learning at Bridgewater State College. *Bridgewater Review*, 28(2), 21-22.

Available at: [http://vc.bridgew.edu/br\\_rev/vol28/iss2/9](http://vc.bridgew.edu/br_rev/vol28/iss2/9)

# Crisis? What Crisis?

## Global Recession and Learning at Bridgewater State College

Andrew Holman

In the past decade, educators in America have been blessed (or cursed) with an abundance of “teachable moments,” those unpredictable times when circumstance opens a door and provides an immediate, cogent, colorful episode that demands to be addressed in classroom discussion. These events can be particularly welcome grist for a slowing (or halted) mid-semester mill; there is nothing like a current event to give instructors punch for their delivery and demonstrate convincingly to their students that their discipline, their approach to learning, is relevant to today’s latest happening—that History (or any other discipline...fill in the blank) really does matter to us today. President Obama would see the senseless murders of servicemen and women at Fort Hood, Texas, by a Muslim American soldier in early November 2009, a “teachable moment,” as he did the embarrassing flap that involved Harvard scholar Henry Louis Gates Jr. and the Cambridge policeman who arrested the professor for breaking into his own home in July 2009. No doubt, there were some instructors at BSC who used the notoriety of these events to good tutelary advantage in their classrooms. Veterans’ Day, the *Christian Science Monitor* tells us, is used profitably by K–12 schools in parts of West Virginia, Alabama, South Dakota and other states as a chance to emphasize the importance of the ideas of sacrifice and duty for modern American citizenship (alas, not so in Massachusetts, we’re on holiday). All of us who taught classes on September 11, 2001 are not likely to forget the feelings of horror and hope when we stood in front of our charges, nor the admonitions from our deans and others to look upon the occasion as an important teachable moment.

Trying to define a teachable moment is a little bit like trying to nail jelly to the wall. But like former U.S. Supreme Court Justice Potter Stewart’s 1964 “definition” of pornography, all good instructors know it when they see it. Still, being able to identify a teachable moment does not always mean that we know what to do with it. As revelatory as the Fort Hood and Gates incidents were as pedagogical prompts for discussion on the stresses of military service, the *chiaroscuro* of immigrant loyalties, respect for law and order, or the continued prevalence of racial profiling, other episodes’ lessons are not quite so

clear. My first reaction to being encouraged to use 9/11 as a teachable moment in the week following that life-changing event was, I am now embarrassed to admit: “To teach what, exactly?” Since then, after the dust settled (literally and figuratively), the plethora of meanings that 9/11 held, and holds, has become more cogent and useful. But the point remains. Often, the dust kicked up in those moments makes them too slippery and difficult to “teach.”

The current global financial crisis gives us a case in point. Curiously, it has had deep and difficult effects on all of us, but most of us are hardly sure of what to make of it. The recession has altered the conditions of college life and news stories about higher education from across the country have revealed its consequences: declining financial aid, proposals for a three-year degree, a drop in university endowments (in both giving and performance) and, in many places, a freeze on construction. Much less has been written, however, about the meanings of the crisis for pedagogy and how faculty members can use the currency of this subject in the classroom.

Strong fiscal planning by Bridgewater State College’s administration has limited the most negative effects of the financial crisis on BSC and we have not suffered the depth of possible consequences. No programs have been cut. Thankfully, no full-time faculty or staff members have been laid off, and retirement replacements have continued as before. But the crisis has indeed come to Bridgewater State and it is visible in many ways. “Some of my students are working longer hours and extra jobs to contribute more to family economies in which someone has become unemployed,” notes economics professor Matthew Parrett. Accounting professor Carleton Donchess observes that an increasing number of his students are not purchasing course texts and materials, presumably because they cannot afford to (though they do not seem at all willing, his informal class surveys reveal, to cut back on their cell phone plans!). To finance professor Shannon Donovan, there appears to be more transfers to BSC from “expensive private colleges” where some of them “just cannot afford to finish.” Bleaker still were the concerns expressed by some of professor Michael Jones’s economics students last Spring that they might not be able to finish school. The

consequences are felt on the other side of the lectern, as well. “I think it has affected the retirement planning of professors,” says Professor Harold Silverman, who teaches business law. “The drop in value of retirement savings has made some faculty rethink and put off retirement.” Recession is among us all.

But at Bridgewater State, it has not been employed as widely in our teaching as one might expect. A brief survey of faculty members in the School of Business has revealed that many have used the recession as a topic in classroom discussion only generally, as a normal way of broadening student knowledge of events in the nation and the world. As a taught subject, it is mentioned “very, very briefly,” one respondent noted; “very little (if at all),” another said. One result, another professor notes, is that some students generally do not have a clear grasp of the reasons behind the crisis: “It is unlikely that they understand the causes,” perhaps because they “not adequately concerned.”

However, in “Principles of Macroeconomics,” professor Anthony Cicerone reports, “we talk about the financial crisis all the time. The ‘housing meltdown’ is a useful example to explain economic theory, but a challenging one.” The complexity of the issue is only one hurdle to teaching it in the classroom. Economists disagree hotly about the causes of the recession and their explanations are divided ideologically. What were the main causes of the crisis that began in the autumn of 2008? Scheming Wall Street bankers and investor greed? Poor risk control in the financial-services industry? Lax and inefficient government regulation? All of the above? “Almost everybody agrees,” Cicerone argues, “that the most important cause of the crisis in the subprime mortgage market involved asset securitization, such as Fannie Mae and Freddie Mac. Their guarantees prompted speculation and spurred financial institutions to make loans where they normally wouldn’t, where they couldn’t measure the risk.” But there were other causes, too, including an oversupply of money in the economy allowed by the Federal Reserve, which had the effect of decreasing interest rates and making credit inordinately available to consumers, many of whom couldn’t afford to pay back the loans and adjustable-rate mortgages they were being offered. Economists part company on the long-term solution to the crisis as well. Is long-term interventionist government regulation of the financial services sector the answer, or does substantial government support of investors (in the form of the Federal



Deposit Insurance Corporation and other agencies) create a “moral hazard” that incentivizes banks to make more and unwise loans? The answer to this fundamental question will tell us more about a respondent’s ideological bearings, perhaps, than his or her mastery of fiduciary science. That debate, and the want of a common, politically neutral lesson to be drawn from the episode, makes the moment less “teachable.”

But hopefully not wholly unteachable. The current financial crisis remains an important moment because of the very real, immediate command that it

delivers to our students: to become financially literate. “This crisis is built on the foundations of financial illiteracy,” SUNY–Buffalo finance professor Christian Ioan Tiu wrote in the *Chronicle of Higher Education* a little more than a year ago. “Why can’t we take all we know about risk aversion and translate it into prudence?” University of Indiana professor emeritus Frederick Risinger echoed this sentiment in a March 2009 piece in *Social Education*: “the vast majority of U.S. citizens went blithely along as the housing bubble turned into a bust and watched—even participated—as credit card debt went through the roof and the national savings rate plummeted.” In some measure, we are seeing the enemy, and he is us.

Whatever any “stimulus” or institutional reform might achieve, preventing a recurrence of the crisis may well depend on consumers becoming better educated.



“Businesses, governments and individuals overextended themselves, buying things they could never afford to pay back. Everyone is now blaming someone else,” Professor Donchess states boldly. “Unless governments, business and individuals get their collective houses in order and live within their means, we will be in for much more serious economic and societal problems in the future.”

Meantime, as the dust settles, some of us are finding pertinent ways to use the financial crisis in America as a teachable moment. Professor Donovan’s real estate students discuss, for example, “how much harder it is to qualify for mortgages and the greater importance of getting and keeping a good credit rating” using recent research and publications such as the *Wall Street Journal*. No doubt more of us—inside and outside the School of Business—will find ways to use this moment and other current world events to help make our classroom teaching more meaningful and timely.

—Andrew Holman is Professor of History and Associate Editor of the *Bridgewater Review*.