Course Description

Political Economy of Crises: Debt, Deficits and Democracy Between the Wars and Now

Thomas Ferguson, Institute for New Economic Thinking; Peter Temin, Massachusetts Institute of Technology

A country laboring under an enormous, externally imposed debt load seethes with indignation as it stumbles through one crisis to another. In the wake of a terrifying world financial crash, it and many other countries go into deadly economic tailspins. With adjustment of prices and production rendered almost impossible thanks to an international economic straitjacket of agreements fixing exchange rates, political parties in country after country oscillate back and forth in power regardless of whether they are left, right, or center. Eventually the center in these countries cannot hold and political systems polarize, as imposed austerity rules everywhere.

Sound familiar? Of course – but the Eurozone crisis is not the first time in world history such a crisis has materialized. Interwar Europe endured precisely such a disaster.

This course compares then and now, asking why we do not learn from the past to understand the present. The two periods are characterized by massive international debts, followed by financial crises and prolonged periods of unemployment.

After an introductory session to explain our aims and methodology, we organize the material in a small matrix. We discuss the growth of international lending on Tuesday and the resulting crashes and economic difficulty on Wednesday. Our presentations begin with the interwar years in the first sessions of each day and progress to current events in the second. We utilize a Keynesian analysis of the domestic and international economy, but we are open to all approaches and anticipate lots of discussion in the workshop. Please read the starred items before the workshop if you will be joining us. We will have articles placed on a website accessible to workshop participants in plenty of time for the sessions and distribute copies of *Keynes*. 
Readings

Monday


Tuesday


Wednesday


