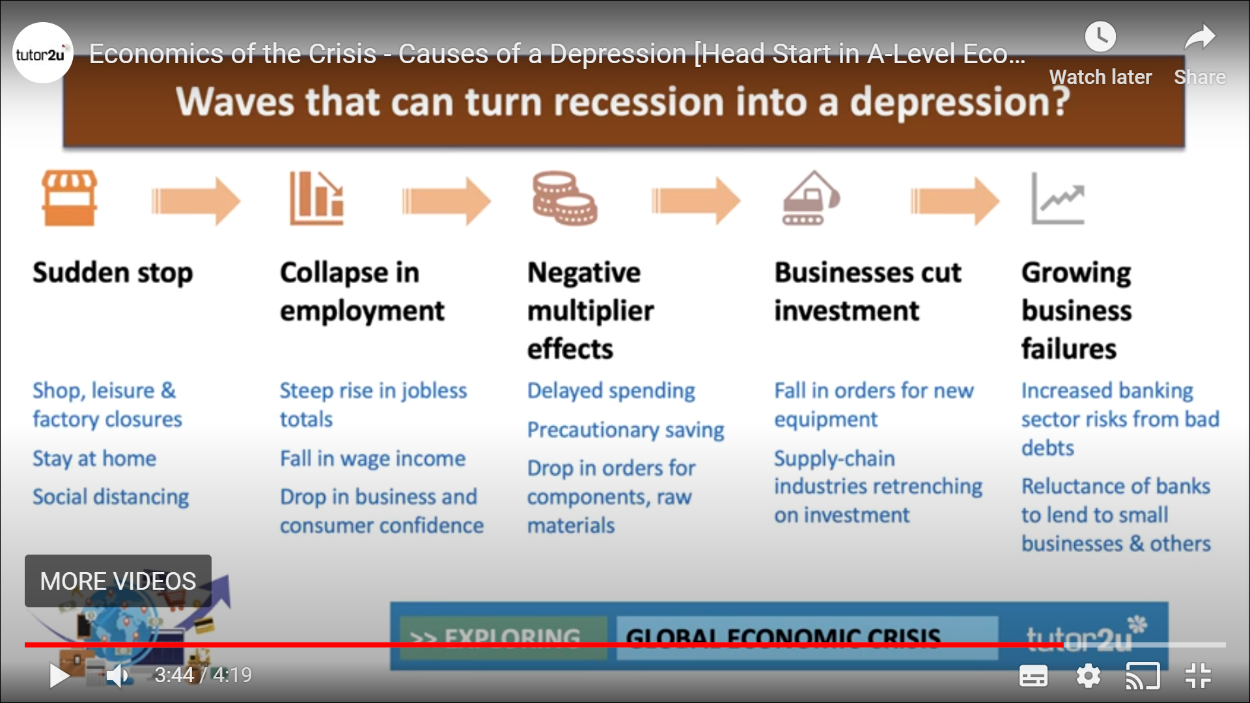
**Economics of the Crisis - Policies to avoid a depression**

*Please follow the link to access the videos needed for each question.*

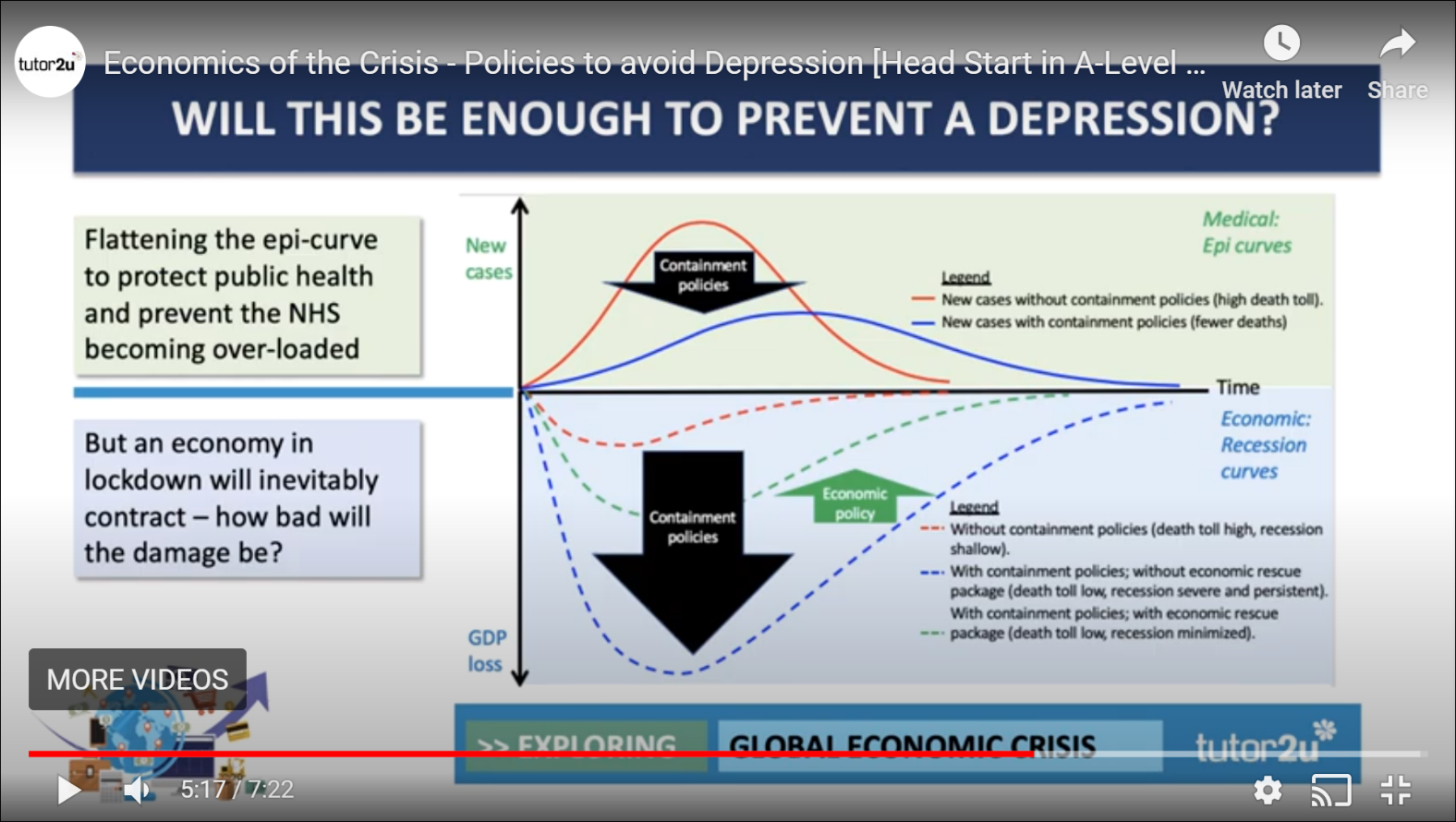
[**https://www.tutor2u.net/economics/reference/economics-of-the-crisis-policies-to-avoid-a-depression-head-start-in-a-level-economics**](https://www.tutor2u.net/economics/reference/economics-of-the-crisis-policies-to-avoid-a-depression-head-start-in-a-level-economics)

1. Watch ‘The Economic Crisis deepens’ - The UK will definitely have a recession as economic figures from the first quarter of 2020 saw a 2% fall in GDP, and will fall far further in the 2nd quarter. What do you think has to happen in the UK in order for us NOT to have a depression?
2. Watch ‘Causes of a depression’ video - Geoff talks about the five waves that turn a recession into a depression -

At the centre of his explanation is a concept called the ‘negative multiplier effect’. Explain your understanding of what this is and why it is so important for understanding why a recession can turn into a depression?

1. Watch ‘What might Keynes say’ video - explain why John Maynard Keynes insisted that the Government must step in to stop a depression
2. Watch ‘The UK Government response’ - Geoff talks about fiscal policy and monetary policy.

What’s your understanding of the difference between fiscal and monetary policy?



Explain how this graph explains the trade-off the Government needs to make between containment of the virus and containment of the economic downturn?

1. Watch the video clip - U.S. unemployment hits highest level since Great Depression - in this, they discuss an interesting concept - that whilst unemployment has risen, wages are also rising - why is this and what does it tell us about how the interaction of supply and demand of labour can affect wages?
2. Why is it so difficult to ‘start an economy back up again’ once it locks down?
3. The interviewee talks about why ‘credit risk’ is so important - which is what happens if people cannot pay back their debts (mortgages or loans) - is there anything a Government can do about that?
4. Watch the video - Martin Wolf - Coronavirus could be worst economic crisis since Great Depression - what’s the biggest difference between this pandemic crisis and the 2008-2009 Financial crisis that makes this crisis more serious for the global economy?
5. At the end, Wolf suggest that our democratic systems might not survive unless we do what?