

History Repeats Itself: Too Big to Fail as a Pedagogical Tool

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Abstract

The HBO movie *Too Big to Fail*, based on the book by Andrew Ross Sorkin, represents a video case study of the 2008 financial crisis. The passage of time allows instructors a unique opportunity to engage students in a significant historical event that they lived through and where the impact can still be felt on the economy. It also allows us to debate policy responses to the 2020 global pandemic that may be attributed to lessons learned from the 2008 financial crisis. We also provide suggestions on using the video in the classroom and a unique approach for maintaining student engagement while viewing the video.

Keywords: too big to fail, financial crisis, bailout, TARP, global pandemic

1. Introduction

The year 2008 was a time of historical economic and financial crises. In the coming years, the meltdown of the financial markets will be discussed in classes in economics and finance the way the Great Depression is discussed today. The crisis provides a unique opportunity for students to study an important economic event that they lived through that continues to impact individuals and economies around the world. Politicians in the U.S. continue to discuss legislation such as Dodd-Frank and its impact on the U.S. economy. Others have examined the effect on individuals entering the job market. (See, for example, Luhby, 2018; and Oreopoulos, von Wachter, & Heisz, 2006). The Great Recession impacted economic conditions and demographic trends and is likely to be felt for several decades. (see World Economic Forum, 2018). In addition, the events of 2008 and 2009 provide insight into the response of governments and central banks to economic crises. Finally, the global pandemic of 2020 allows instructors to impress upon students the importance of gaining insights from historical events.

The Federal Reserve's policy responses to the Great Depression influenced Fed Chairman Ben Bernanke, a preeminent scholar of the Great Depression, during the Great Recession. However, the time between the 1930s and 2008 makes the lessons learned seem less relevant to students because the world was so different in 1930. The proximity of the 2008 financial crisis and the 2020 global pandemic make policy responses seem much more relevant as many of the same policymakers have been involved in dealing with both crises. At least some of the responses of governments and central banks to the 2020 Global Pandemic can be attributed to lessons learned from the Great Recession.

The HBO movie *Too Big to Fail*, based on the book by Andrew (2009) provides instructors with a video case study of the financial crisis. Although videos can serve as a valuable educational tool, it can be challenging to maintain student attention during the entire video duration. This paper suggests using the film as a springboard for classroom discussions and semester-long projects. One unique aspect of this article is our approach to increasing student engagement while viewing *Too Big to Fail*. This teaching technique is appropriate for undergraduate or graduate students and is relevant for any courses that discuss the 2008 financial crisis. This learning approach would also work exceptionally well with distance learning courses.

2. Video Case Studies

The principles of teaching and learning explain that using videos as a pedagogical tool can be an effective teaching method, especially for students with a learning style characterized by visual-picture and auditory perceptual preferences. Over the last three decades, many instructors have recognized this and begun incorporating videos into their courses. (See for example, Terregrossa, Moy, & Ajay, 2022). For instance, Dyl (1991) discusses using the movie *Wall Street* as a live case study of corporate ethical behavior. Chan et al. (1995) and Graham and Kocher (1995) use the movie *Other People's Money* to illustrate numerous issues in corporate

finance. Shank and Adragani (2006) use an episode of PBS's Nova, entitled *The Trillion Dollar Bet*, to present topics in risk management. Moy and Pactwa (2021) use the Nova documentary *Mind Over Money* to illustrate concepts in behavioral finance.

Although new technologies have made it possible to provide students with alternative content, it has also created distractions that can limit the effectiveness of video case studies. This is especially true for students whose learning styles are characterized by a positive preference for reading, a visual-word perceptual preference, and a negative preference for learning by viewing videos. Whether students view the film at home or in class, a careful viewing of the film is necessary to grasp the crucial issues. The problems are exacerbated when it comes to movies based on real-world situations where students are asked to view the films outside class. In this case, students may be able to forgo viewing the film altogether by gathering general information from the Internet to answer general questions about the film.

3. Too Big to Fail

The movie *Too Big to Fail* consists of an all-star cast that includes William Hurt as Treasury Secretary Henry Paulson, Paul Giamatti as Fed Chairman Ben Bernanke, James Wood as Lehman Brothers CEO Dick Fuld, and Edward Asner as Warren Buffett. The film begins with the financial difficulties of Lehman Brothers and details its ultimate collapse. Then entertainingly, it chronicles the financial meltdown and the government's efforts to deal with the crisis. The book by Sorkin, a financial columnist for the New York Times and co-anchor of CNBC's Squawk Box, on which the movie is based, is a detailed account of the crisis and according to the author's note, consists of more than 500 hours of interviews with more than 200 individuals who participated in the events surrounding the crisis. The book's length, which consists of more than 500 pages, may make it difficult for instructors to assign as supplementary reading, thus making the film a more viable alternative.

4. An Overview of the Financial Crisis

Before viewing *Too Big to Fail*, instructors may wish to provide an overview of the events that led to the Troubled Asset Relief Program (TARP) bailout. The lead-up to the financial crisis began years earlier as low-interest rates, lax mortgage loan standards and new financial products such as collateralized debt obligations led to a housing bubble. Although the situation had been brewing for several years, the crisis became apparent in 2007. Table 1 presents a timeline of some of the significant events of the crisis. Using the crisis timeline as an instructional tool is especially suited for students whose thought processes are sequential or analytic.

Table 1. Timeline of financial crisis

2007
Feb. 27: Mortgage giant Freddie Mac says it will no longer buy the most risky subprime loans.
April 2: Subprime mortgage lender New Century Financial files for bankruptcy-court protection.
July 31: Investment bank Bear Stearns liquidates two hedge funds that invested in risky securities backed by subprime mortgage loans.
Aug. 6: American Home Mortgage Investment, which specializes in adjustable-rate mortgages, files for bankruptcy protection.
Aug. 16: Fitch Ratings cuts the credit rating of giant mortgage lender Countrywide Financial to its third-lowest investment-grade rating.
2008
Jan. 11: Bank of America, the biggest U.S. bank by market value, agrees to buy Countrywide Financial for about \$4 billion.
March 16: The Federal Reserve agrees to guarantee \$30 billion of Bear Stearns' assets in connection with the government-sponsored sale of the investment bank to JPMorgan Chase.
July 11: Federal regulators seize IndyMac Federal Bank after it becomes the largest regulated thrift to fail.
September:
7: Mortgage giants Fannie Mae and Freddie Mac are taken over by the government.
15: Bank of America agrees to purchase Merrill Lynch for \$50 billion.
15: Lehman Brothers files for bankruptcy-court protection.
16: American International Group, the world's largest insurer, accepts an \$85 billion federal bailout that gives the government a 79.9% stake in the company.
21: Goldman Sachs and Morgan Stanley, the last two independent investment banks, became bank holding companies subject to greater regulation by the Federal Reserve.
25: Federal regulators close Washington Mutual Bank, and its branches and assets are sold to JPMorgan Chase in the biggest U.S. bank failure in history.
29: Congress rejects a \$700 billion Wall Street financial rescue package, known as the Troubled Asset Relief Program or TARP, sending the Dow Jones industrial average down 778 points, its single-worst point drop ever.

Oct. 3: Congress passes a revised version of TARP and President Bush signs it. Wells Fargo & Co., the biggest U.S. bank on the West Coast, agrees to buy Wachovia for about \$14.8 billion.

Nov. 18: Ford, General Motors and Chrysler executives testify before Congress, requesting federal loans from TARP.

Nov. 23: The Treasury Department, Federal Reserve and Federal Deposit Insurance Corp. agree to rescue Citigroup with a package of guarantees, funding access and capital. Citigroup will issue preferred shares to the Treasury and FDIC in exchange for protection against losses on a \$306 billion pool of commercial and residential securities it holds.

Dec. 19: The U.S. Treasury authorizes loans of up to \$13.4 billion for General Motors and \$4.0 billion for Chrysler from TARP.

Source: Excerpted from USA Today, September 9, 2013.

5. Improving Student Engagement

To improve student engagement, we have found that providing students with a list of specific questions that must be answered forces them to follow the movie carefully. Rather than begin with “big picture” questions that students may be able to answer from previous background on the topic, or questions from common sense, our technique of utilizing questions about small details of the film require students to pay close attention to the film. Greater engagement in the video allows instructors to return to the big picture questions central to understanding the financial crisis. A teaching approach focusing on presenting many details that lead to understanding the big picture is congruent with the sequential, or analytic, thought-processing learning style. Table 2 presents questions about the movie *Too Big to Fail*.

Table 2. Questions about the film

Question	Approx. Time	Answer
Upon our introduction, what is Hank Paulson looking at outside the window (through binoculars)?	3:50	birds
Who did Dick Fuld ask Paulson to call?	4:50	Warren Buffett
Does Paulson immediately agree? Eventually?	5:05	No, yes
What 2 animals are on Warren Buffet’s desk? Do you see a computer on his desk?	6:40	Elephant and pig (a piggy bank, no less, aw shucks Warren...)
What soft drink (or pop, or soda, or whatever they call it where you are from) is Buffett drinking? Do you know why I asked that question? Is he a big shareholder in that company?		Coke, yes
What deal does Buffett want from Lehman Brothers?	7:30	Preferred shares at \$40 with a 9% dividend
What was Lehman Brother’s stock price at the time? Does Fuld agree to the terms	7:40	\$36, no he passes
How often do Paulson and Ben Bernanke have breakfast together? At that first meeting we see, what is Paulson eating? What about Bernanke?	8:25	Weekly, bacon & eggs, oatmeal
What was Greenspan’s solution to Paulson?	8:45	Too much housing supply. Should buy up vacant houses & burn them.
At Lehman Brother’s emergency management meeting on 6/11/08, what was suggested? Who suggested this? Did Fuld do it?	9:30	Senior management change, fire COO Joe Gregory & CFO Erin Callan, Skip McGee, yes
Who was then promoted to Lehman Brother’s COO?	10:30	Bart McDade
What institution did Bank of America (BofA) just buy? How has that worked out for them?		Countrywide Financial. A disaster.
Who does Lehman Brothers then bring in for a possible buyout deal? Where is Fuld?		“The Koreans.” McDade tells him to be the “missing man.”
Who keeps calling McDade during meeting? What assets do the Koreans not like?	12:00	Fuld, the real estate
Does Fuld stay away? What was being discussed at the time?	12:20	No, the letter of intent
What assets did Fuld try to push off on the Koreans? What happened then?	12:45	Real estate, they walked out
What sport was Timothy Geithner playing when we meet him?	15:30	Racquetball
What Olympics is Paulson shown to be attending?	16:25	Beijing
Does the Chinese government have money in Fannie & Freddie? What are they pressuring Paulson to do? What is the threat?	17:15	Yes... politics?? Bailout pressure, Russians asked them to join them and dump the bonds on the market.
What does Flowers tell Curl is the issue with Lehman Brothers?	21:00	Real estate valued at \$30B, worth half that amount
When Willumstad calls Flowers, what building is he looking at outside his window? What is said about AIG?	22:50	Empire State Building, They are running out of cash
What does CNBC report during the Flowers/BofA due diligence meeting?	23:40	“A person close to the Treasury” said no bailout of

Are they happy?		Lehman Brothers, no!
What video game did Geithner say BofA was playing on their phones?	24:45	Brick breaker, ball breaker, for sure
Have you heard of another name this game has been called? Do you get a sense of irony here? It came preloaded on the Blackberry phone. Try it free here: http://www.bricks-bricks.com/ or here for another version: http://www.coolmath-games.com/0-bricksbreaking/		
Why did Paulson leak the no-bailout information? What was his idea?	25:50	To get the other investment banks (I-banks) to step in.
By the third breakfast meeting, what is Paulson eating?	25:30	Oatmeal
Does Paulson think Lehman Brothers will go under? Bernanke?	26:15	No, yes
After getting out of the private jet that Paulson hired, what is the conversation Christopher Cox has with the Treasury people? Specifically, what firm did all of these Treasury people work for prior? What does Michele Davis call Goldman Sachs (GS)?	27:15	Government Sachs
Who is this Alistair that calls Paulson at the airport? Where does he work and what is his position? Hint: http://en.wikipedia.org/wiki/Alistair_Darling	28:00	Chancellor of Exchequer (Paulson's counterpart in the UK)
Who said, "We are their allies, their advisors, but not their safety net"?	28:40	Paulson
At the meeting with the bank heads, who is there? Who is sitting at the head of the table? Who is missing? Who asks where he is?	29:00	Jamie Dimon, Lloyd Blankfein, John Mack, John Thain, Vikram Pandit, Dimon, Mack
When Paulson says, "I did the last one, you have to do this one," what is he referring to in the first case? Was that a bailout?	30:30	Bear Stearns, No it was a Christmas gift to Dimon and JPM
Does Blankfein feel a Lehman Brothers failure will take down his firm?	31:00	No
Who starts discussing patriotic duty and Thomas Paine? What book is this guy famous for writing? http://en.wikipedia.org/wiki/Thomas_Paine	31:20	Cox, "Common Sense"
Who cuts him off midsentence?	31:25	Paulson
Paulson threatens the bankers with, "We will remember anyone who is not helpful." Any ideas what he might be alluding to?	31:55	Bear Stearns and LTCM?
Why was Paulson upset that Flowers was in the lobby?	32:55	Paulson pushed Flowers out of GS
CNBC then reports that Merrill is next. Fill in the blank: "_____ is a very fragile thing."	33:30	Confidence
Does Thain think Lehman will make it? Who does he tell his advisor to call to take a stake in ML? What do they want? Do they want both Lehman Brothers & ML?	33:40	No. BofA. Whole company. No, there is "only room for one"
Flowers then approaches Cox & Paulson about AIG, and says: "It is a very _____ company." Fill in the blank. Is Paulson's office aware of AIG's problems?	34:45	BIG, No
Does Thain tell Paulson about BofA? What is Paulson's response? Who does he think will close?	35:50	Yes, "just get it done, let me worry about Lehman Brothers," Barclays
What does Dimon say about Main Street? What does he ask the other bankers to do? What is the concern here? Who agrees?	38:10	"Main Street wants Wall Street to pay." Kick in \$1B each, Real estate, JPM & GS
Does Barclays originally agree? Who then will buy the toxic real estate	38:45	Yes, the other banks
At 9pm in London, Sir McCarthy is annoyed that Geithner and others won't answer his calls. What two famous London landmarks are shown?	40:20	London Eye (the ferris wheel) and Tower of London (lit up in back)
When Geithner finally does call back, what are they told? Whose approval do they need and how long will this take?	40:40	British banking regulators and 30 days for shareholder approval
What does the Financial Service Authority (FSA) Chancellor tell Paulson?	41:30	"We don't want to import your cancer."
What does Bart tell Dick?	43:05	"The Fed will do something, they have to."
Back in Washington, Davis of Public Affairs (no less!), asks who is going to make the announcement of Lehman Brothers's bankruptcy. What is the answer? Who says this and who agrees?	43:20	SEC says Geithner, Paulson agrees, Cox says ok
Neel Kashkari then asks, "Did Lehman actually agree to file?" What is the answer? How does Paulson react? Who does he tell to make the call?	43:45	Whoops... Paulson tells Cox to call Lehman Brothers and make sure they file immediately
Back to AIG, this was said, "AIG is a huge problem. The books are a mess. From what I can tell, half the banks in the world are in bed with these guys. Every one who had a piece of crap mortgage security bought insurance on their risk." Finish this sentence: "They must have thought real estate _____."	44:15	"would never go down, ever."
Back to Lehman Brothers, did Cox call Fuld right away? How did Paulson react? What did he tell Cox?	44:45	No, "You are their regulator. Call the Lehman Brothers board now."

How did Cox respond? What was Paulson's retort? In another bit of irony, what gang did this book/movie refer to?	45:20	http://en.wikipedia.org/wiki/The_Gang_That_Couldn't_Shoot_Straight "We must look at the appropriate role of government here." "This is the Gang that Can't Shoot Straight." The mafia! No, yes in my opinion
Does a government agency have that type of power over a private company? Does Paulson come across as a bully here?	46:20	No, yes in my opinion
Did all of Lehman Brothers's board show up for the meeting? Was the vote a yes or no for bankruptcy? Was it unanimous?	47:20	Yes, yes, yes
What companies snapped up Lehman Brothers after the bankruptcy? What name is now on the Lehman Brothers's midtown HQ?		http://en.wikipedia.org/wiki/Lehman_Brothers Nomura and Barclays! Barclays.
On Monday, 9/15/08, where does it show Paulson walking? What bank's red sign can be seen? Does Paulson seem contrite? What office building does he see his name in the flashing news marquee?	49:40	Times Square, BofA, Lehman Brothers's building
Are the news outlets and Congress happy with the bankruptcy?	50:35	Yes
A press conference is held. What is said about bailouts?	51:10	There will be no more of them.
What is the meaning of moral hazard they refer to in this movie?		
How do the financial markets react to the bankruptcy news?	51:55	Dow crashed 800 points.
What's the next problem? Whose office do they go to?	52:15	AIG, White House wants a briefing, Barney Frank
What does Blankfein tell Paulson about the British? Don't you find it ironic that Blankfein yells at Paulson and says, "No one will do business with us!"?	53:10	British bankruptcy authority froze all of Lehman's customer accounts.
Who tells Paulson that AIG is "not just an American problem"? Does this seem like a threat? How does she pronounce Paulson's name?	53:55	Christine Lagarde, seems like it to me. Honk.
Mack then calls Paulson. What is the problem now? What is Paulson's solution?	54:30	Traders are shorting MS. Announce earnings ahead of schedule.
Next call to Paulson is from the CEO of the "world's largest company." Is this still true? What is GE's problem? Jeffrey Immelt claims they are a healthy company that makes planes, engines and light bulbs. Are they really a non-financial firm? Hint: http://www.gecapital.com/en/our-company/our-businesses.html?gemid2=gtnav0502 To see who owns this company, scroll down to the bottom and click on the Investors link... What is JI's warning to Paulson?	55:00	No, now XOM and AAPL trade places as their stock prices fluctuate. They can't fund their day-to-day operations. GE Capital operates like a bank, GE owns GE Capital (GECC). He warns that, "Every business in America will shut down."
Back in Washington, what does Paulson's crew plan to do with AIG? What does Paulson argue AIG has that Lehman did not? What does Lehman Brothers own in midtown Manhattan (remember the marquee)? What is Jim Wilkinson's argument? Why does Paulson argue AIG is too big to fail? Do you recall how Paulson got his crew to Manhattan for the meeting with the CEOs?	55:40	Buy 80%, Collateral (assets), their HQ. Wilkinson says it's another bailout without legislation. Leasing airplanes, construction, life insurance policies, teachers, pensions. He rented an airplane ... from AIG???
They next discuss what they are going to say in the press conference. What exacerbated AIG? Finally, we get to the real story.... Who does Paulson say is to blame? The question was raised, "Why wasn't it regulated?" (Kind of a funny question coming from the regulators, don't you think?). What was Paulson's answer?	56:50	Lehman exacerbated AIG. Homeowners. "No one wanted to, they were making too much money."
Did credit markets then open up?	1:01:20	No
What did Wilkinson give Paulson? Did he take them?	1:00:00	Sleeping pills, no he threw them in the toilet.
	1:03:00	
As Paulson talked to his wife, he said, "There is not a bank in this world that can pay all of its depositors. It is all built on _____. Fill in the blank.	1:03:50	Trust.
What is the building with the flags that Geithner jogs by? What subway station does he stop in front of? Does the 2/3 line really stop there? Look for the red line in lower Manhattan on this map: http://www.mta.info/maps/submap.html	1:05:00	NYSE, Wall Street, yes
On the phone with Paulson at that same subway entrance, what does Geithner propose to Paulson regarding the investment banks? Why? Who is the top regulator of commercial banks? What is Paulson's retort?	1:05:50	Merge them with commercial banks. To get access to the discount window and cheap government cash. Geithner and the Fed. "You want to make them bigger?"
Geithner starts putting together note cards between institutions for mergers. What does he try? Why does he say Blankfein should merge with	1:07:00	GS (needs cash, organized) & Citi (has cash, disorganized); JPM & MS; MS & Wachovia. No.

his proposed partner? Do they agree? Is Wachovia still in business? If not, what happened to them?		Wachovia is now part of Wells Fargo.
Back to Paulson's crew. Kashkari's first plan was for the government to buy the toxic assets. What was DW's solution?	1:09:10	Unfreeze credit. Give them money to lend. Cash infusion.
What was the response? _____ banks. Un_____. The argument back was that this would be _____ and the government would be _____ shareholders. Fill in the blanks.	1:09:30	Nationalize. American. Republican. Temporary. Nonvoting.
What did they say the Democrats would call this? The Republicans?	1:10:20	Bailout. Nationalization.
What are the dollar amounts thrown out for the purchase? The default rate? The amount the government is left holding of bad debt?	1:10:40	\$14 trillion purchase, 5% default rate, \$700B left!
We then see what Washington building? TARP is presented. How many pages was it? Other than the number of pages, what are the three major criticisms? Do the names Dodd and Frank ring a bell regarding banking regulation?	1:11:20	The Capital. 3. Nothing for the public, no oversight, how could you not see this coming? http://tinyurl.com/2ata9bv
What did Bernanke study during his academic career? He states that, "Credit has the ability to build an economy. The lack of credit can _____ it." Fill in the blank.	1:12:35	The Great Depression, destroy
What are Gao and the other Chinese bankers doing outside the MS building? What does Mack then say about Yankee stadium? Well, I am a Yankees fan (and a beer fan ☺), and have been at their home games (including a 14 inning marathon versus the Oakland A's in October 2012), so I know that even this has its limits: http://newyork.yankees.mlb.com/nyy/ballpark/information/index.jsp?content=guide If you are in the bleachers, at what inning are you cut off? What about the rest of the stadium?	1:15:35	Smoking. You can still buy a beer. 5 th inning, 7 th inning (or 2 hours after game begins).
Why did the Chinese leave MS? Then, whom did MS deal with? How has this worked out? See: http://www.ft.com/cms/s/0/1aa777d8-1efa-11e2-be82-00144feabdc0.html#axzz2PcbV54Ij	1:16:40	They found out MS was talking to the Japanese. Mitsubishi. Seems like MS no longer needs MB, but MB needs MS. "Marry in haste, repent at leisure."
Who did GS call then? Where was he? Who owns that company? Does he agree? If so, for how much?	1:17:15	http://www.forbes.com/sites/jesscollen/2013/02/15/in-heinz-sight-what-is-the-berkshire-buffett-branding-policy/ Warren Buffett, Dairy Queen, Berkshire Hathaway!!! Yes. \$5B.
CNBC news is shown throughout the movie. Who owns CNBC and NBC?		NBC owns CNBC. Comcast Cable acquired a 51% stake from GE in 2011, and bought the remaining 49% on March 19, 2013.
Who took a big stake in Comcast in 2007?		http://usatoday30.usatoday.com/money/markets/2007-05-16-berkshire-stocks_N.htm
When did he dump Comcast?		http://www.dailyfinance.com/2011/02/15/warren-buffett-berkshire-hathaway-holdings/
Did Buffett help AIG? Was he asked? Wait a minute, isn't Berkshire Hathaway an insurance company? Aren't they one of AIG's competitors in reinsurance??? Look up who owns Swiss Re and GEICO or any other firms he owns...		http://www.bloomberg.com/apps/news?pid=newsarchive&sid=ayzHDv8W9HT8 http://gawker.com/5117183/warren-buffett-on-aigs-150-billion-bailout-ha+ha-told-you-so http://www.bloomberg.com/news/2012-07-11/chubb-beats-buffett-after-mocking-aig-riskless-return.html http://en.wikipedia.org/wiki/List_of_assets_owned_by_Berkshire_Hathaway#Insurance_and_finance_subsidiaries
Now, I'm thinking this is a HBO film... Who owns HBO?		Time Warner...who owns Time Warner? Hmmm, in February 2013, they are in talks with the Oracle of Omaha: http://www.forbes.com/sites/jeffbercovici/2013/02/13/time-warner-shopping-time-inc-likely-price-tag-try-2-5-billion/
Does Buffett even have 2 granddaughters that age? And they told him to take the phone call???? Is Buffett the biggest con man ever?		
What talk show compares John McCain with Daniel Day Lewis? In what	1:18:40	Jon Stewart, Last of the Mohicans

movie? Didn't you laugh ☺?		
What did McCain and the Republicans do and what happened to TARP?	1:19:40	Republicans stalled, Republican presidential nominee, Clusterfuck
What office was McCain running for? What (obscene) military term was used and what does this mean? Who is this Nancy they speak about (on the Democrats side)?		(http://www.urbandictionary.com/define.php?term=clusterfuck), a situation in disarray, Pelosi
Did the bill pass the House? How many votes short? Which party disagreed? Who was president at the time?	1:20:20	No, a few (9?), Republican, GW Bush
How long would it take to buy toxic assets? So, was this an option? Does Bernanke then agree with Dan Jester, advisor to Paulson about cash injection? Finish this sentence (spoken by Bernanke), "...Unfreeze the system. We give them money. They _____."	1:23:45	2-3 months. No. Yes. Lend it out.
Was the revised TARP then passed? Did the financial markets approve?	1:24:50	Yes. No
Who does Paulson then call "to pick his brain" late at night?	1:25:20	Buffett
What Washington, DC building (with the multi-colored pavers) is Paulson seen walking into? Hint: It's on the \$100 bill.	1:25:50	US Treasury
Cards are placed on the conference table. In what order are they shown? Is this the same order they are seen sitting at the table? If not, who is out of order and in the middle? Are State Street Bank (SST) and Wells Fargo Bank (WFC) still in business? If so, where are their HQs?	1:26:00	GS, JPM, ML, MS, SST, WFC. GS & JPM are sitting in the middle. Yes and yes. Cambridge, MA and San Francisco, CA.
Read RK's interesting take on TARP here: http://www.bizjournals.com/sanfrancisco/blog/2012/06/wells-fargo-dick-kovacevich-occupy-tarp.html?page=all		"Made us an offer we couldn't refuse."
In this article, he is quoted as saying, "This was truly a 'godfather moment.' They _____." Finish the sentence.		
Who is the woman sitting at the conference table?	1:27:00	Sheila Bair of the FDIC
There are 9 bankers sitting at the table, but we are only shown 11 cards before. Who are the other two? I figured out one by his character. The other is Bank of New York Mellon (from the deal below).		Pandit of Citi
What is the deal the Treasury wants? What will the preferred stock yield? How much will each bank get? What is the total package amount?	1:28:10	Treasury will purchase preferred stock in each of the banks in the room. The stock will yield 5% in the first 5 years, and 9% after that. BoFA 15, BONY 3, Citi 25, GS 10, JPM 25, ML 10, MS 10, SST 2, WF 25 for a total of \$125 billion.
Who says they don't need the capital? How does he describe his fellow bankers?	1:28:45	WF. "Fancy NY guys. Why am I in this room?"
What is Paulson's reasoning for all banks taking the TARP money?	1:29:00	The stronger banks will serve as a cover for the weaker banks, so as not to single them out. Cheap capital, nonvoting shares, temporary measure.
What do the regulators threaten any dissenting bank with if they disagree? What does this mean?	1:30:25	The FDIC will change their capitalization rating. That bank would be required to hold more capital on reserve.
What is Thain concerned about? They love irony in this movie. Read this: http://www.nytimes.com/2009/02/12/business/12merrill.html	1:30:30	Compensation/bonuses. He was fired for given 700 people at least \$1 million in bonuses (including 20 who got over \$8M and 53 who got over \$5M)
After reading the above, what happened to Thain?		
What is Geithner's response?	1:30:55	There will be limits on tax deductions and golden parachutes until the banks repay the TARP money.
Who is the first to sign? What about the rest?	1:31:25	Mack of MS. They want to call their boards.
Meanwhile, back in Paulson's office, what does Davis suggest and what does Paulson counter? What is Bernanke drinking? Whose pistol is hanging in Paulson's office (another ironic reference to the mafia)?	1:33:15	Beef up restrictions as to how they spend the money. Paulson says no, they won't take it. Diet Dr. Pepper. Al Capone
Did they all then sign?		Yes
Bernanke ends with, "They will lend it out, won't they? To which Paulson responds, "Of course they will." Did they???	1:34:45	NO!
In 2010, how many banks have been deemed too big to fail? What percent of all US bank assets do these banks hold?	1:35:50	10, 77%

In addition, Table 2 includes specific questions that can only be answered by carefully viewing the film. For example, questions such as "What two animals are on Warren Buffet's desk?" or "What sport was Timothy Geithner playing when we meet him?" can only be answered by students who have viewed the film. Finally,

Table 2 includes a large number of specific questions that cover the film in its entirety. The questions include approximate run times, so instructors can keep an eye open for the question. In addition, the large number allows instructors to pick and choose which questions to include and to rotate the questions so students cannot simply obtain the answers from others who have previously taken the course. Additional questions also allow the instructor to produce multiple versions of the questions so students cannot simply copy from others during classroom or outside of class viewings.

6. Longer-Term Projects

Instructors who prefer to utilize the movie as more than simply a springboard for discussion can use the movie for written assignments and term projects. In addition, the movie can be used as the starting point for several diverse courses, including, Economic History, Money and Banking, Commercial Banking and Macroeconomics.

Regardless of the course the instructor is teaching and the detail of the assignment, we believe there are several aspects students should learn from viewing the movie as they relate to the 2008 crisis. First, students must become familiar with the steps leading to a financial meltdown. The crisis in 2008 holds many similarities to other financial crises, such as “irrational exuberance” and the use of excessive leverage. Second, how the central bank operates during a crisis can determine the severity of the crisis. For example, many economic historians view the severity of the Great Depression was exacerbated by erroneous policies taken by the federal government, the Federal Reserve and big business.

Contrarily, the collapse of Long-Term Capital Management a decade before the 2008 crisis represents a situation where actions by the Federal Reserve likely mitigated a potential financial meltdown. (see Lowenstein, 2001). Finally, students can analyze the strengths and weaknesses of the actions taken by the government and the banks. The lessons learned from 2008-2009 provide insights into other financial crises and the economic crisis caused by the global pandemic of 2020.

We believe this unique approach increases the learning spectrum available to students. In turn, students are encouraged to expand their research to more current events than those described in the textbooks.

We advise the students to watch the entire movie before trying to answer any of the questions. After the original viewing, students can watch (and pause) the film two or three times while answering the questions. Many students find the material easier to grasp the second or third time. Repetition can significantly improve student recall and comprehension.

7. Post Movie Questions

7.1 Questions on the 2008-2009 Financial Crisis

Boone, Johnson, and Kwak (2008) pose four key questions that can be used as a springboard for discussion or as topics for research projects (Note 1). We first have students read the article and then perform additional research. The questions posed in the article are replicated and presented below in the outer bullets. Then, in the inner bullets, follow-up research questions are posed to the students to investigate.

- First, is this enough money?
 - Did the Treasury have to commit more than \$25 billion to Citigroup?
 - Which banks received equity injections? Just a small set of protected institutions, or “any qualified institution”?
 - Read the article by Eavis (2015). How has Citigroup been growing its business? Do you feel their doubling of derivative holdings from \$32 trillion in 2009 to \$70 trillion in 2014 is “gradual” and “risk managed”? Do you think this is a cause for concern?
- Second, which banks should get new capital?
 - Did any of the banks that received federal funds ultimately fail?
- Third, how good an investment is this for taxpayers?
 - How much did Congress allocate to TARP? How much did it ultimately cost taxpayers?
- Fourth, what role should the government play in managing the banks?
 - Compare the U.S. recapitalization with the British plan. Did either nation take a controlling interest in any banks? If yes, which ones and how much?
 - Discuss this notion of “channel credit according to the government’s will.” How do you feel about this?

- What was the deal Warren Buffett negotiated with Goldman Sachs? Fill in the blanks: He received a ___ % preferred dividend and ___ warrants to buy ___ additional shares at ___ price. Compared to interest rates at the time, was this dividend rate considered high? What about the warrant price? Was it below market price? What about in the current economic environment? Would this be regarded as a good or a bad deal?
 - What are the opinions of Sloan and Burke (2011) and Sloan (2015)?
 - Do you feel these plans restored immediate confidence in banks?
- Return to the timeline in Table 1. Do you believe the crisis could have been mitigated had regulators taken action at the first signs of trouble?
 - When do you think they should have begun taking action?
 - What actions do you think would have been most effective?

7.2 Linking Policy Responses from the Great Recession to Other Economic Crises

One important aspect of critical thinking is the ability to examine the relationship between two seemingly unrelated events. The global pandemic of 2020, while not a financial crisis, led to an economic downturn of greater proportion than the financial crisis of 2008-2009. Many of the fiscal and monetary policy responses of 2020 were shaped by lessons learned from the financial crisis. For example, expansionary fiscal policy increases aggregate demand to stimulate production and increase unemployment. The following questions may be used to link the policy response between two different economic shocks to the U.S. economy.

- Compare the Federal Reserve's response to the near collapse of Long-Term Capital Management (LTCM) with its response to the crisis faced by AIG.
 - What actions did the Federal Reserve use to stabilize the financial markets when LTCM was on the verge of bankruptcy?
 - How did the actions of the government and the Fed differ in how they dealt with the AIG crisis?
- Compare the policy responses of the U.S. government to the 2020 Global Pandemic to the actions taken during the financial crisis.
 - How are they similar?
 - How do they differ?
 - Did governments and central banks alter their policy responses based on lessons learned from the Great Recession?
- What impact did the Great Recession have on birth rates and demographic trends? What impact will the global pandemic likely have on birthrates?
- How were the careers of students who graduated during the Great Recession impacted? How will students who graduate during the Global Pandemic likely be affected?

These are just some of the possible questions that instructors can use to motivate discussions and longer-term projects for their courses and to get students to understand that crises caused by different events often can use similar policy responses to mitigate the severity of the economic downturn.

Student feedback, thus far, has been overwhelmingly positive in helping them grasp the enormity and urgency of the 2008 financial crisis. Although today's college students were very young during that time, they likely were affected by the crisis through the experiences of their parents and other friends and family members. This makes the 2008 crisis more meaningful and interesting to this generation of students than the Great Depression, which occurred before many of their grandparents were born. Moreover, the 2020 global pandemic adds additional relevance to students as they are old enough to appreciate the economic consequences of a worldwide economic crisis and the policies that governments and central banks have implemented to avert a global recession or depression or potentially may have caused a substantial increase in inflation.

8. Conclusions

Modern teaching and learning principles explain how using videos as a pedagogical tool may enhance students' comprehension of new and challenging information. In this paper we use the movie, "Too Big to Fail" to provide an overview of the Great Recession, and how it may be linked to understanding the economic policies that were employed during the Global Covid Pandemic. The insights from the movie and the subsequent discussion questions will also give them the tools to understand better and analyze policy responses to future financial and economic crises.

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Note

Note 1. https://www.washingtonpost.com/wp-dyn/content/article/2008/10/14/AR2008101402560_pf.html

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