

Economics: A Christian Worldview – Austrian vs. Keynesian
RUMBLE IN THE MARKETPLACE
(TEACHER INSTRUCTIONS/KEY)

Purpose

Recognize how different economic philosophies approach government economic action—and think beyond first effects.

Time

20-25 minutes

Instructions

1. Print Pages 1 and 2 for yourself and a copy of Page 3 for each student.

Tell students: There are two broad approaches:

Keynesian-style thinking

- Government should step in to fix problems.
- Uses spending, controls, or regulation.
- Often focuses on immediate relief.

Austrian-style thinking

- Markets should adjust on their own.
- Prices and competition send signals.
- Focuses strongly on long-term consequences.

“Today your job is to look past what feels good immediately and think about what might happen later.”

2. Read the instructions together.
3. Students answer in pairs/groups/at tables.
4. Discuss as a class.

Key

1. Stimulus Checks

Keynesian

Short: Spending increases

Long: Inflation or rising debt

2. Rent Cap

Keynesian

Short: Rent stays lower

Long: Housing shortages

3. Allowing Prices to Rise

Austrian

Short: Prices increase

Long: More supply; shortage eases

4. Tariff on Foreign Cars

Keynesian-style intervention

Short: Domestic sales increase

Long: Higher prices; less competition

5. Removing Barber Licenses

Austrian

Short: More competition

Long: Lower prices; innovation

6. High Minimum Wage

Keynesian

Short: Some wages increase

Long: Reduced hiring; possible unemployment

7. Removing Import Taxes

Austrian

Short: Cheaper goods

Long: Increased efficiency

8. \$5 Pizza Price Cap

Keynesian-style price control

Short: Cheap pizza (at first)

Long: Shortages, lower quality, fewer pizza shops

Bible Worldview Reflection (5 minutes)

1. Proverbs 14:15 says, “The simple believeth every word: but the prudent man looketh well to his going.”
How does that verse relate to thinking about long-term economic consequences?
2. Romans 13 teaches that government has a role in maintaining order.
Based on today’s examples, what do you think are proper limits to government economic power?

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For each policy, answer these questions: (a) Is this closer to **Keynesian** or **Austrian** thinking?
(b) What is one likely **short-term result**? (c) What is one possible **long-term result**?

1. Government sends \$1,200 checks to most households to boost their spending.

Keynesian/Austrian:

Short-Term Result:

Long-Term Result:

2. Government rules that rent cannot exceed \$900 per month.

Keynesian/Austrian:

Short-Term Result:

Long-Term Result:

3. During a food shortage, government allows grocery prices to rise instead of limiting them.

Keynesian/Austrian:

Short-Term Result:

Long-Term Result:

4. Government adds a tax to foreign-made cars so they cost more.

Keynesian/Austrian:

Short-Term Result:

Long-Term Result:

5. Government removes required licenses for barbers and hair stylists.

Keynesian/Austrian:

Short-Term Result:

Long-Term Result:

6. Government raises the national minimum wage to \$18 per hour nationwide.

Keynesian/Austrian:

Short-Term Result:

Long-Term Result:

7. Government removes all taxes on imported goods.

Keynesian/Austrian:

Short-Term Result:

Long-Term Result:

8. To make everyone happy, government declares that a pizza must cost no more than \$5 anywhere.

Keynesian/Austrian:

Short-Term Result:

Long-Term Result:

