



TEACHING UNIT

General Topic:	The Economy: The Basics – and Key Issues
Unit Title:	The Big Picture, How the Economy Works
Grade Level:	Grade 11
Recommended Curriculum Area:	Canadian and World Studies
Other Relevant Curriculum Area(s):	Language Arts



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Canadian and World Studies Curriculum Expectations

- describe the characteristics of Canada’s economic system
- describe the roles played by private sector businesses in the Canadian economy
- describe the role of government in the Canadian economy
- explain how the scarcity of economic resources requires individuals and societies to make economic choices
- explain the three basic types of economic systems
- describe the consequences of global economic interrelationships that developed in the twentieth century
- describe key factors that have prompted and facilitated increasing interaction between peoples since the sixteenth century
- describe the costs of an economic choice, using the model of the production

Relevant Language Arts Curriculum Expectations

Listening

- 1.4** – identify the important information and ideas in oral texts, including increasingly complex or difficult texts, in a variety of ways
- 1.6** – extend understanding of oral texts, including increasingly complex or difficult texts, by making effective connections between the ideas in them and personal knowledge, experience, and insights, other texts, and, the world around them

Speaking

- 1.2** – select and use the most appropriate reading comprehension strategies to understand texts, including increasingly complex or difficult texts
- 2.2** – demonstrate an understanding of a variety of interpersonal speaking strategies and adapt them to suit the purpose, situation, and audience, exhibiting sensitivity to cultural differences
- 2.3** – communicate in a clear, coherent manner, using a structure and style effective for the purpose, subject matter, and intended audience

Reading

- 1.2** – select and use the most appropriate reading comprehension strategies to understand texts, including increasingly complex or difficult texts
- 1.3** – identify the most important ideas and supporting details in texts, including increasingly complex or difficult texts
- 1.5** – extend understanding of texts, including increasingly complex or difficult texts, by making appropriate and increasingly rich connections between the ideas in them and personal knowledge, experience, and insights

Relevant Economic Expectations

- How, in general, an economy works to produce and distribute products and services
- Different types of economic systems
- Key features of Canada’s mixed economy
- The business cycle – why it occurs and conditions at various points in the cycle
- Statistics used to assess how an economy is performing – including trade performance and success
- Factors that affect growth, inflation, employment, productivity, and trade success in the economy
- Various ways in which economies are linked together
- Issues that can arise from globalization
- Current issues in Canada’s economy

Background Information

As students mature and start to notice the world around them they need to develop an understanding of how various forces are at work that either directly or indirectly affect their lives. As children, most grew up in a protected environment watched over by protective adults. Their world was essentially secure and their needs and wants addressed to a large degree. As adolescents, however, students start to recognize that there is a series of checks and balances that exist and that only by understanding and working with that framework can they maintain a lifestyle that reflects their ambitions. For this reason, it is important for students to see that the economy is not some abstract thing that has little bearing on them but rather is a system that significantly impacts their daily lives and standard of living. Once they come to this realization they need to understand how this system works and how changes to it can have a dramatic impact on them. By understanding the basics of economic systems they will be better able to see the importance of their actions as active members of their society and responsible, financially capable individuals.

Overview of the Unit

The unit will begin by having the students develop an understanding of the term “the economy” and then, through role play, to understand how the individual, business and government all play important inter-related parts. The unit will also have the students examine different economic systems, focusing on Canada’s mixed economy. By playing an online game the students will have the opportunity to experience what it is like to be a business owner and deal with various issues which affect viability. To build on this experience the students will be asked to read a comic book explanation of how the economy grows and then examine how that growth is monitored. To complete the unit, the students will explore the concept of a global economy and its implications for Canada.

Estimated Time Frame: 6 periods – 60 minutes each

Suggested Implementation Strategy

Period 1 – 60 minutes

- Begin the lesson by asking the students to identify anything that they have recently heard about the economy.
- Make a list as the students give their responses.
- Have them look at the list and suggest what is meant when the term “the economy” is used.
- Once they have given their suggestions have them understand that when the term “the economy” is used in reference to a country such as Canada it basically is referring to the wealth and resources of the country in terms of production and consumption of goods and services.
- Explain to them that the focus of this lesson will be on understanding the basics of how the economy works.
- Arrange the students in groups of 3 and assign one of the following roles to each member: (1) a 30 year old individual (2) a business owner (3) a government representative.
- Ask the students to take a few minutes to complete the following task:
What do you have to offer that each of the others need and what do they have to offer that you need?
- Once they have completed this task have each member of the group, in turn, present their ideas to the other members of the group.
- Once they have completed this task, have the groups compile a group list of what each member has to offer the others and what they need from the others and then have each group present their findings to the class.
- End this period of the unit by assigning the following homework questions:
 1. What impact would it have on the other two if the individual was out of work and had little income?
 2. What impact would it have on the other two if the business owner had the sales drop off and the company started to lose money?
 3. What impact would it have on the other two if the government could no longer afford to provide services such as hydro and road maintenance?
 4. As you can see, keeping things in balance is important to all three. What things help to keep this balance and the economy healthy?

Period 2 – 60 minutes

- Begin the period by taking up the homework assignment and reviewing with the students the way a balance is maintained in a healthy economy – e.g. Businesses are healthy and producing goods and services and that keeps people employed and provides them with the money necessary to purchase those items which they need. In turn, the government has more people contributing money through taxes, and fewer people requiring assistance, and therefore has money to provide the services which people require, which also helps to keep people employed.
- Having established this very basic understanding of how the economy works, indicate to the students that there are different types of economic systems and that will be the focus of today’s lesson using a jigsaw approach.
- Tell the students that any economic system has to answer three basic questions and the way they answer these questions determines what type of economic system they will have. The three basic questions are:
 1. What will be produced with our resources?
 2. How will these goods be produced?
 3. For whom will we produce these goods?
- Divide the class into 4 groups and identify these groups as the home groups and have the students number themselves off from 1 to 4 with group 1 starting with the number 1, group 2 starting with the number 2, etc.

- Tell the students that they will be regrouped now into expert groups that will study and become experts on one specific type of economic system and, after doing that, they will come back to their home group and teach, what they discovered, to the other members of their home group.
- Regroup the students into the Expert Groups and assign one of the following types of economic systems to each group:
 1. Traditional Economy.
 2. Market Economy.
 3. Command Economy.
 4. Mixed Economy.
- Ask the groups to research and develop an explanation of each type of economic system and the benefits of that system.
- Allow the students 20 minutes to complete this task and then have them return to their home groups and share the information they have learned with the other members of their group.

Period 3 – 60 minutes

- Begin the period by quickly reviewing the 4 basic types of economic systems and then ask the students to identify which system Canada uses.
- Once the students have identified Canada's economic system as a Mixed Economy explain to them that Canada's system is considered to be a capitalistic society which encourages private ownership and business development and that the government plays a role in this economic system by attempting to control the overall pace and growth of the economy by adjusting such things as money supply, tax rates and credit rates.
- Explain to the students that they will now be asked to assume the role of a coffee shop owner so that they can experience the challenges of running a business in a market economy.
- Put the students into groups of 5 to 6 and have them play the Coffee Shop Money Making Game found at: <http://www.kidsmathgamesonline.com/money/coffeeshop.html>
- Once the students have completed the game ask them if their sales stayed consistent from day to day or if they varied.
- Ask the students what types of things affected their sales and have them include such things as price, quality, the weather, supplies etc.
- Explain to the students that these fluctuations are considered to be the business cycle which has peak periods and low periods.
- Explain also that national economies experience fluctuations and that the economy has to be monitored and adjusted to ensure that it stays healthy and continues to grow.
- Conclude the period by informing the students that during the next class they will examine how an economy grows and what types of things affect that economy.

Period 4 – 60 minutes

- Begin the lesson by telling the students that they are going to spend the period reading a comic book explanation of the way in which an economy grows and the decisions that have to be made by those involved. They are to read pages 1 to 49.
- This lesson will involve the need of computers so the students should be grouped according to the number of available computers and directed to the following website to read the story, *How an Economy Grows and Why It Doesn't*. <http://www.takelifeback.com/hegawid/> and asked to read to the end of page 49.
- Allow the students the remainder of the period to read the story asking them to pay close attention to how growth happens, how productivity was increased, what happened to employment and trade success and, what caused inflation.

Period 5 – 60 minutes

- Begin the period by asking the students what they learned about the following from reading the story.
 - Growth
 - Productivity
 - Employment
 - Trade success
 - Inflation
- Make a list as they give their responses.
- Indicate to them that there are a number of statistics that are used to assess how the economy is performing and to determine if anything needs to be done to help keep it healthy.
- Divide the class into 7 groups and assign one of the following topics to each group. Ask them to research each topic and how each is used to assess the health of the economy:
 - Economic Growth
 - Unemployment rate
 - Inflation rate
 - Consumer Price Index
 - Interest Rates
 - Trade Deficit
 - Gross Domestic Product (GDP)
- Allow the students 20 minutes to complete the task and then have them report their findings to the class.
- Conclude the period by indicating to the students that both governments and businesses use this information in planning future actions.

Period 6 – 60 minutes

- Begin the period by asking the students to give their explanation of the term “global economy.” Business Dictionary.com defines it as “world-wide economic activity between various countries that are considered intertwined and thus can affect other countries negatively or positively.”
- Indicate to the students that because Canada is involved in the global economy what happens to the economy of other countries affects Canada’s ability to both sell its products to those countries and purchase goods from them.
- Tell the students they will examine some global factors that influence Canada’s economy.
- Divide the class into small groups of 5 to 6 students and have them watch the 5½ minute video on globalization found at: <http://www.youtube.com/watch?v=LtmvksvSvtc>
- Have the groups write down 5 things that they think affect a country’s ability to be part of the global economy.
- Have them provide their answers and compile a list as they respond.
- Ask the groups to identify things that they think could happen that would damage the world’s economy and how that would affect Canada.
- Ask them to identify the countries that they think are Canada’s greatest trading partners explaining the reasons for their choices. Have them indicate what Canada sends to them and what Canada receives in return.
- As a concluding activity have them list the countries that have provided goods for them and their families and compile a list to show how broad our trading relationship is.

Possible Evaluations

1. The various group work activities could be collected for evaluation.
2. The outcome of the coffee shop activity could be recorded as an indication of their understanding of the factors involved.

Follow-Up Activities

1. The students could select a specific country and explore the trading relationship that Canada has with it including imports and exports and the amount of trade involved.

Modifications or Suggestions For Different Learners

1. The group work offers opportunities for students to utilize their individual skills by serving in such capacities as recorders or presenters.

Handouts / Resources

- Canada's Economy – The Big Picture – <http://www.cfee.org/en/rescanec.shtml>
- Types of Economic systems – <http://www.shmoop.com/economic-systems/types.html>
- An additional lesson on types of economic systems – <http://www.econedlink.org/lessons/index.php?lid=322&type=educator>
- Economic systems – <http://www.slideshare.net/yacub13/types-of-economic-systems>
- Canada's economic structure – http://www.economywatch.com/world_economy/canada/structure-of-economy.html
- Globalization – What does it mean? – <http://www.youtube.com/watch?v=LtmvksvSvtc>