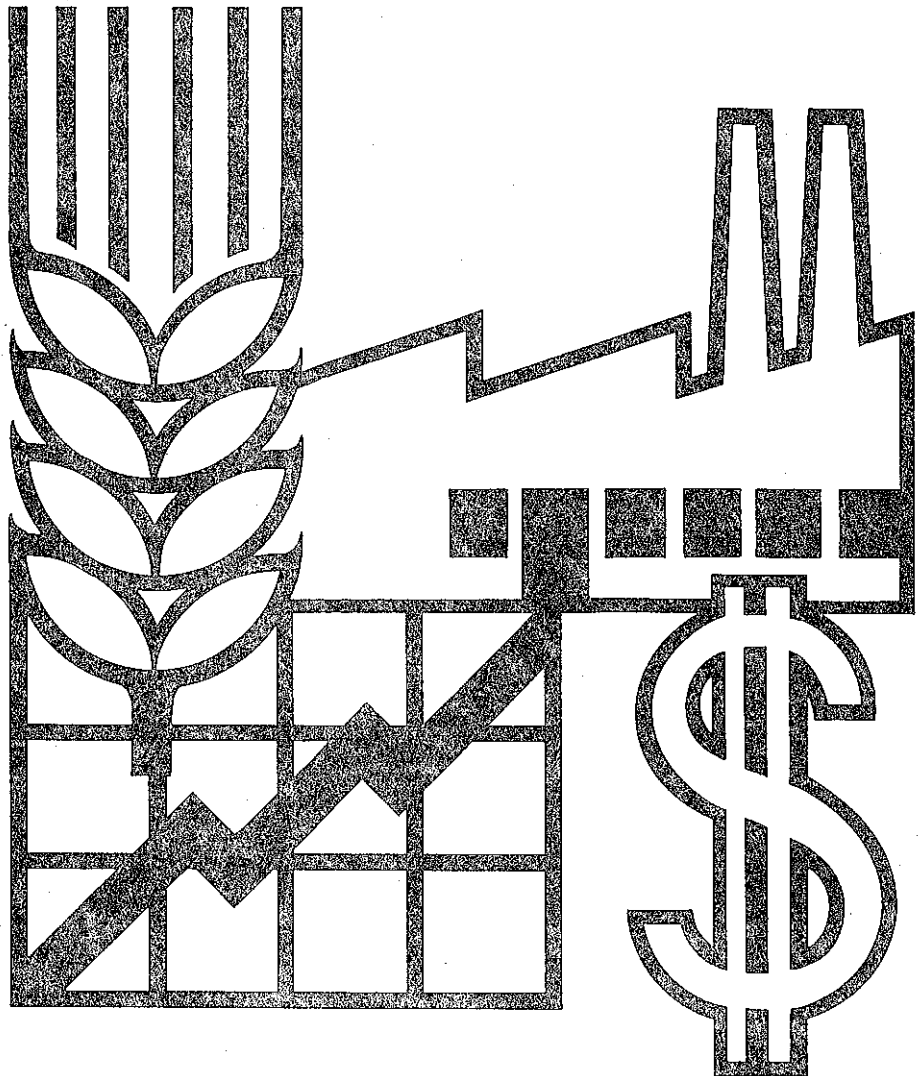




Saskatchewan
Education

Economics 20

A Curriculum Guide for Grade 10 to 12



Recycled Paper

August 1975

ACKNOWLEDGEMENTS

The Department of Education gratefully acknowledges the professional contributions and advice given by the following members of the Division IV Economics Curriculum Committee in the preparation of this Guide:

- Mr. W. R. Barry, Program Consultant, Long Lake School Unit, Watrous
- Mr. W. Coates, Campbell Collegiate, Regina
- Mr. R. B. Cook, Chief, Program Development, Department of Education, Regina
- Mrs. Anne Davidson, Program Consultant, Audio-Visual, Department of Education, Regina
- Mrs. F. L. Fraser, Walter Murray Collegiate, Saskatoon
- Mr. V. Goos, Melfort and Unit Comprehensive Collegiate, Melfort
- Mr. J. Hall, Humboldt Collegiate
- Mr. W. H. Housen, District Superintendent of Education, Parkland School Unit, Shellbrook
- Mr. R. G. Knight, Moose Jaw School Board
- Mr. H. R. Lang, University of Regina
- Mr. G. A. MacDonald, Martin Collegiate, Regina
- Mr. J. Olesen, Sheldon-Williams Collegiate, Regina
- Mr. D. S. Spafford, University of Saskatchewan, Saskatoon

TABLE OF CONTENTS

1. Introduction	1
2. Evaluation for Economics 20	7
3. Suggested Content Overview	11
Core References	12
Use of the Curriculum Guide	14
4. Paradise Island	16
5. Unit Overviews and Strategies	17
Unit One: The Economic Setting	17
1.1: Paradise Island	18
1.2: Needs and Wants	19
1.3: Scarcity, Wants and Choice	20
1.4: Marketplace	21
1.5: Factors of Production	22
1.6: Circular Flow Model	23
1.7: Aggregate Production	24
1.8: Economic System	25
Unit Two: Production, Specialization and Exchange	26
2.1: Paradise Island	27
2.2: Inventory of Community Resources	28
2.3: Comparative Study of Agriculture	29
2.4: Regional Specialization	30
2.5: A Grain Farm	31
Unit Three: Business Organization	32
3.1: Creation of a Business	33
3.2: Stockholders	34
3.3: Interlocking Directorates and Holding Company	36
3.4: Business Regulation	37
3.5: Competition	38
3.6: Crown Corporations	39
3.7: Co-operation	40
3.8: Business Organization	41
Unit Four: Labour Organization	42
4.1: Collective Bargaining	43
4.2: Why Unions?	44
4.3: Strikes	45

Unit Five: The Role of the Market	46
5.1: Market	47
5.2: Price Theory	48
5.3: Comparative Pricing	49
5.4: Measurement of General Price Changes	50
5.5: Advertising	51
5.6: A Market Economy	52
Unit Six: Money and Banking	53
6.1: Paradise Island	55
6.2: Theory of Money	56
6.3: The Banking System	57
6.4: History of Canadian Banking	58
6.5: Banking Services	59
6.6: Monetary Policy	60
6.7: Banking System	61
6.8: Theory of Banking	62
Unit Seven: Personal Finance	63
7.1: Personal Credit	64
7.2: Stocks, Mutual Funds and Bonds	66
7.3: The Stock Market - A Case Study	67
7.4: Insurance	68
7.5: Retirement Planning	69
7.6: Real Property	70
7.7: Investment Portfolio	71
Unit Eight: International Trade	72
8.1: Paradise Island	73
8.2: Comparative Advantage	74
8.3: Historical Development of Canada's Foreign Trade	75
8.4: Balance of Payments	76
8.5: Barriers to Trade	78
8.6: Canada - U.S. Automotive Agreement	80
8.7: Free Trade vs. Protection	81
Unit Nine: The Role of Government in the Canadian Economy	82
9.1: Paradise Island	84
9.2: Business Cycles	85
9.3: Fiscal Policies	86
9.4: Taxation	87
9.5: Government Expenditures	88
9.6: Local Government Revenue and Expenditure ..	89
9.7: Price and Income Controls	90
9.8: Consumer Protection	91
9.9: Government and Economic Growth	93
9.10: Income Redistribution	95
9.11: Government Involvement	97

Unit Ten: Comparative Economic Systems	98
10.1: Types of Economic Systems	99
10.2: Economic Models	100
10.3: Contrasting Economic Systems	101
10.4: Comparative Economic Systems	103

6. Appendices	104
A. Law of Diminishing Returns	104
B. Sheldonia: A Simulated Economy	105
C. Games and Simulations	132
D. The Use of Case Studies	140
E. The Banking System	146
F. Collective Bargaining Game	153
G. Comparative Economic Models	157
H. Brief Articles of Interest	161
I. Income Distribution	171

Introduction

1. INTRODUCTION

An understanding of economics is an essential part of the aggregate knowledge of the educated person. The kind of world we live in demands an economically literate citizen. It is imperative to develop a citizenry that can perform intelligently and effectively as consumers, producers and voters. Thus, economic education should lead to the development of an understanding of economics, of the Canadian economic system, and of those skills and abilities necessary to function effectively in the Canadian economic system.

The student should develop:

- a. an understanding of THE NATURE OF ECONOMICS,
- b. the ability to use certain ECONOMIC PROCESS SKILLS,
- c. an awareness of the NATURE OF THE CANADIAN ECONOMY, and
- d. an understanding of the ROLE OF THE INDIVIDUAL as a participant in the Canadian economy.

THE GOAL OF ECONOMIC EDUCATION IS NOT, OF COURSE, TO MAKE EVERY STUDENT A PROFESSIONAL ECONOMIST, BUT TO HELP ALL STUDENTS UNDERSTAND OUR ECONOMIC SYSTEM, ITS OPERATION, ITS PROBLEMS, AND ITS POSSIBILITIES. Because ours is a dynamic economy, new problems and areas of economic interest are constantly arising, making necessary some changes in the basic topics to be studied. Also, what may be an adequate answer to a given problem today may not be adequate tomorrow. One of the important aspects of a student's economic education, therefore, should be to learn that while the techniques of problem solving may remain the same, no solution can be considered final. Even more important is the need for OPEN, INQUIRING MINDS not only in the areas of personal interest and concern, but also in the broad realm of total interests and social values. It is the task of economic education to develop better thinking along both lines.

What is Economics? Two simplified definitions are:

- a. a study of mankind in the business of making a living, and
- b. a study of the way in which men produce, distribute, and exchange goods and services to satisfy human wants.

Because it involves human behaviour, economics is classified as a social science. A knowledge of economics is also necessary for an understanding of the world of business.

A study of the Canadian economy, then, will explore and analyze through established principles the activities in which Canadians engage to satisfy their many individual and group wants. These activities include such things as producing, working, saving, spending, paying taxes, and investing.

2. METHODS FOR TEACHING ECONOMICS

The modern approach to the teaching of economics generally includes FOUR MAJOR COURSE OBJECTIVES: (1) acquisition of inquiry skills, (2) acquisition of knowledge, (3) recognition of values, and (4) development of desirable attitudes. These objectives will be measured by a system that evaluates the student's ability at all five levels of cognition: knowledge, comprehension, analysis, synthesis, and valuing.

Active participation and experimentation on the part of the student is considered essential to the learning process. THIS MEANS A CHANGE IN THE ROLE OF THE EDUCATOR FROM A DISSEMINATOR OF INFORMATION TO A DIRECTOR OF ACTIVITIES THAT LEAD THE STUDENT TO INQUIRE, ANALYZE, AND DISCOVER THE DESIRED CONCEPTS AND PRINCIPLES. Within this frame of reference facts are incidental; it is more important to know how to use these facts and the various forms of analysis to perceive relationships, to proceed from this to an understanding of concepts, and eventually to make decisions about economic issues. Of course, no analysis can be made, understanding developed, or decision formed without a knowledge base founded upon relevant, useful, and accurate facts.

Also important is the development, in the students, of a concern for VALUES and an awareness of the role that values have in the economic system. The educator today must be willing to discuss all aspects of controversial issues, thereby allowing students to perceive the underlying values. In addition, educators must be willing to allow students to develop their own value systems rather than imposing a previously developed system.

Teachers of economics appear to be using a wide range of teaching methods and techniques. Lately, however, the trend is toward THE INQUIRY/DISCOVERY APPROACH, where the emphasis is more on the technique used to acquire knowledge than on knowledge itself. The approach has

been defined as a strategy to set up and test hypotheses. Underlying it is the belief that acquisition of knowledge and changes in values and attitudes are a function of inquiring into various issues. The dominant technique is that of questions that force a student to go beyond the instructional material used. These questions are intended to encourage thinking and analysis of the circumstances presented through charts, cases, readings, quotations, pictures, graphs, tapes and other media. Teachers constantly promote a questioning attitude and stress the relationship of ideas. Students learn to relate concepts developed in each situation to the concepts previously developed as well as to some main themes, such as scarcity and the flow of goods and money. The inquiry skills may have to be taught before they can be used.

In INQUIRY, the central values are the open mind and autonomous probing of the learner--it has the learner wanting to do, and doing, much of his own learning. He proceeds systematically using the steps of the scientific method. This approach in teaching is based on the assumption that the teaching-learning process is one in which the teacher assists or guides students in their search for ideas. The stress is placed on PROCESS rather than CONTENT. This is defensible since knowledge does not remain static, things important today may be outmoded tomorrow; consequently, we must utilize methods that will have the greatest long-term effect on a student's capacity to understand and perform. Thus, inquiry stresses a means of solving problems. It means teaching habits of mind that will be useful in new situations--curiosity, openmindedness, objectivity, respect for evidence, and the capacity to think critically.

Purposes of Inquiry:

1. to involve the student in learning as a participant,
2. to teach the student the skill of critical thinking,
3. to have the student arrive at judgements,
4. to have the student express carefully considered values or opinions,
5. to motivate the student through the examination of problems,
6. to have the student learn subject matter through discovery.

Steps in Using Inquiry as a Teaching Method:

1. Motivate the student by providing concrete, interesting and personalized problems.
2. Teach the skills of inquiry through the step-by-step application of the method to several sample problems.

3. Have the student apply the skills of inquiry to particular problems. This is done after the student is exposed to terms, concepts, and generalizations that will be used in the problem.

Steps in Inquiry

1. recognizing problem from data presented,
2. formulating hypotheses,
3. recognizing logical implications of hypotheses,
4. gathering data,
5. analyzing, evaluating, and interpreting data,
6. evaluating hypotheses in light of data, modifying if needed,
7. stating a generalization.

Reasons for Use of Inquiry:

1. to provide for the development of critical thinking skills (it is implied that practice in an organized, systematic method of inquiry must be provided),
2. to provide variety in teaching methodology,
3. to lead to greater student motivation and interest--the method is active rather than passive,
4. to provide greater opportunity for the teacher to observe and evaluate student attitudes, interaction and progress,
5. to provide the opportunity for the student to practice the skills required in the discipline of economics.

Inquiry Methodology:

There are a wide variety of teaching techniques and methods available to the teacher:

1. Community Contact: Field observations
Field interviews
Field trips
Resource visitors
2. Active Problem-Solving:
Problem solving
Case problem
Simulations
Inquiry/discovery
Role playing
Buzz sessions
Brainstorming
3. Dramatization and Skit

4. Audio-Visual:
 - Films
 - Bulletin and display boards
 - Flannel boards
 - Charts, posters, etc.
 - Tape recordings
 - Television (including video-tape)
5. Auditory-Verbal:
 - Discussion
 - Question and answer
 - Symposium
 - Forum
 - Dialogue
 - Round table
 - Debate
 - Panel
 - Lecture
6. Reading and Writing:
 - Essays
 - Reports
 - Periodicals or book reviews
 - Critiques
7. Others:
 - Projects
 - Scrapbooks
 - Textbook recitation
 - Games
 - Puzzles
 - Programmed instruction
 - Contracting
 - Team teaching

It should be remembered that variety helps keep interest high. An overused method or technique will lose poignancy. Factors that affect the selection of teaching method include:

1. The Teacher

Is he prepared for its use? Does he feel confident in using it? Does it suit his personality?

2. Physical Environment

Are the necessary resources available or obtainable?
Is the room adaptable to the method?

3. Time

Is there enough time? Do scheduling and course length allow it?

4. Students

Age? Abilities? Backgrounds?

5. Objectives

What is the most effective way of presenting the material? What depth of learning is desired?

6. Material

Abstract or concrete? Complicated or easy? Familiar or new? Can it provide for individual differences?

7. Cost

To the school? To the teacher? To the students?

8. Interest

Will it interest or motivate?

Conclusion:

The Committee accepts wholeheartedly the soundness of the Inquiry/Discovery Approach to the teaching of economics. Consequently, the guide which follows contains a wide variety of techniques and strategies. Of course, choosing the appropriate mix of methods remains the responsibility of the teacher.

Evaluation for Economics 20

EVALUATION FOR ECONOMICS 20

In the past, students were tested primarily on their ability to recall and comprehend the meaning of factual material. This occurred in most cases because a system for measuring higher levels of thinking was not available. Any course which would take the student beyond the levels of recall and comprehension must have a system of evaluation which gives both the student and the teacher a clear idea of the kinds of skills necessary in analyzing a problem, reaching a conclusion and then testing that conclusion for its validity.

The inquiry/discovery approach to instruction provides the teacher with special problems in evaluation. How does one evaluate essays, reports, projects etc. of students fairly and objectively? A related problem for students is to learn what thinking skills are expected of them, and then learn to apply these skills to the problems that confront them. The evaluation system below can be used to measure the level of thinking at which students are operating. The scale ranges from level one which is a simple recall level, to level five which demands creative problem solving. Thus the "five point scale" can be used for evaluation and as a technique to teach creative problem solving.

Major Categories in the Cognitive Domain of the Taxonomy of Educational Objectives (Bloom, 1956):

Level One: Knowledge

Knowledge is defined as the remembering of previously learned material. This may involve the recall of a wide range of material, from specific facts to complete theories, but all that is required is the bringing to mind of the appropriate information. Skills involved in this level:

- a) techniques to acquire information
 - 1) library skills (the ability to know how and where to gather information)
 - 2) surveying, interviewing and other polling techniques
 - 3) skill in listening critically
 - 4) skill in the use of A/V materials as a data source
- b) to be able to state the data gathered in their own words. (This includes the ability to present ideas in a literate form).

Level Two: Comprehension

Comprehension is defined as the ability to grasp the meaning of data. This may be shown by translating data from one form to another (words to numbers), by interpreting data (explaining or summarizing), and by estimating future trends (predicting consequences or effects). Skills involved in this level:

- a) to be able to summarize the meaning or gist of the data gathered.
- b) to be able to tell the meaning of visual information (e.g. a graph).
- c) to be able to put the meaning of data in visual form (e.g. summarize statistical material in the form of a graph).

Level Three: Analysis

Analysis refers to the ability to break down material into its component parts so that its organizational structure may be understood. This may include the identification of the parts, analysis of the relationships between parts, and recognition of the organizational principles involved. Skills involved in this level:

- a) to be able to recognize and define problems
- b) to be able to suggest tentative hypotheses
- c) to be able to distinguish facts from opinions
- d) to be able to distinguish between relevant and irrelevant information
- e) to be able to evaluate the validity, objectivity and authenticity of data in both primary and secondary sources
- f) to be able to identify the most important and the least important points in a problem or issue
- g) to be able to recognize the technique used in persuasive materials such as advertising and propaganda
- h) to be able to recognize underlying assumptions and motives
- i) to be able to assess whether the data presented is adequate to support a given conclusion
- j) to be aware of cause and effect relationships
- k) to recognize the need for additional information
- l) to be able to continually reassess the hypothesis in light of new information

Level Four: Synthesis

Synthesis refers to the ability to put parts together to form a new whole. This may involve the production of a

unique communication (theme or speech), a plan of operation, (research proposal), or a set of abstract relations (scheme for classifying information). Skills involved in this level:

- a) to be able to formulate conclusions and apply these to new situations
- b) to be able to produce new or divergent ideas that will serve as an adequate conclusion
- c) to be able to produce a plan or scheme for the situation
- d) to be able to draw inductive generalizations from the specifics

Level Five: Evaluation

Evaluation is concerned with the ability to judge the value of a work (statement, novel, poem, research report) for a given purpose. The judgements are to be based on definite criteria. Skills involved in this level:

- a) to be able to evaluate the adequacy of the conclusion by the use of an internal (organization) criteria or by the use of an external (relevance to the purpose) criteria
- b) to be able to determine other criteria which will be useful in judging a conclusion

There are several ways in which this scale can be used in the classroom. One suggestion is to provide a series of exercises which are FORMATIVE EVALUATIONS. That is to say a student would be presented with a problem and asked to use the "five point scale" to attempt a solution. In small groups the students and the teacher would then discuss the successes and shortcomings of the work done. This process could be repeated as often as the teacher deems necessary. Following this the teacher could assign a SUMMATIVE EVALUATION which is really a final evaluation of the students' knowledge and skills in working with an issue, problem or case study.

The mechanics of assigning marks to a student using this scale can also be done in a number of ways. One way is to use the scale in a linear sense. For instance, if the student did little more than restate someone's ideas in his own words the teacher could assign a "level two" as a grade. As the student achieved higher levels of intellectual activity, he would be awarded correspondingly higher levels on the scale. The levels can be converted to percentage marks using some version of the following formula:

level one	50 - 59%
level two	60 - 69%
level three	70 - 79%
level four	80 - 89%
level five	90 - 100%

Another method is to evaluate a student on each level and then add up the marks to determine a final grade. A suggested formula would be:

level one	-a possible 10 marks
level two	-a possible 20 marks
level three	-a possible 30 marks
level four	-a possible 30 marks
level five	-a possible <u>10 marks</u>
	total 100 marks

This formula would be very challenging since the bulk of the marks are for the higher levels. The marks could be juggled to suit the needs and abilities of a particular class.

For those teachers who are interested in studying evaluation using Bloom's Taxonomy in more detail than can be discussed here, the McGraw-Hill Book Company has published a thorough study called Handbook on Formative and Summative Evaluation of Student Learning by Benjamin S. Bloom et al. This book has a chapter dealing with evaluation techniques generally and with the social sciences among other disciplines specifically.

Suggested Content Overview

SUGGESTED CONTENT OVERVIEW

Unit I	The Economic Setting
Unit II	Production, Specialization and Exchange
Unit III	Business Organization
Unit IV	Labour Organization
Unit V	The Role of the Market
Unit VI	Money and Banking
Unit VII	Personal Finance
Unit VIII	International Trade
Unit IX	The Role of Government in the Canadian Economy
Unit X	Comparative Economic Systems

Note: The teacher may follow this outline exactly. However, there is nothing prescriptive about the sequence, and the teacher may wish to deviate from it somewhat in keeping with his professional judgement.

CORE REFERENCES

It is suggested that the following be selected as the core references. Teachers may wish to exercise their professional prerogative by choosing others.

I Student References

A. Primary

Classroom sets of the following are recommended:

1. Wilson and Warmke, Life on Paradise Island (Gage).
- * 2. Swan and Kaluza, Economics: A Canadian Perspective (McGraw Hill-Ryerson).
- * 3. Millard and Mitchell, Economics: A Search for Patterns (Gage).
4. Graham, Sunshine Sketches of a Little Economics (Canadian Life Insurance Association).
5. Today's Economics: Case Studies for Student Understanding (Edu-Media).

* Teachers may wish to divide their purchase of classroom sets between Economics: A Search for Patterns and Economics: A Canadian Perspective. The former is an introduction to Canada's economic institutions while the latter places greater emphasis on economic theory.

B. Secondary

It is suggested that schools purchase at least one copy of each of the following:

1. Atlas of Saskatchewan (Saskatchewan Book Bureau).
2. Catherwood, Your Money! (Maclean-Hunter).
3. Balins, Sweet and Thomas, Man's Economic World (Holt, Rinehart & Winston).
4. MacDonald and Dixon, Money and Business (Gage).
5. Ammer, Readings and Cases in Economics (Ginn).
6. Macdonald, Silk and Saunders, World of Economics Canadian ed. (McGraw Hill-Ryerson).

II Basic Statistical Sources

The Committee feels that the following materials should be a part of the school library wherever economics is taught:

1. Canada Year Book (Information Canada).
2. Canadian Statistical Review (Information Canada).
3. Economic Review (Information Canada).
4. Saskatchewan Economic Review (Saskatchewan Bureau of Statistics).

III Basic Teacher References

1. Bellan, Principles of Economics and the Canadian Economy (McGraw Hill-Ryerson).
2. Lipsey, Sparks and Steiner, Economics (Harper and Row).
3. Samuelson and Scott, Economics (McGraw Hill-Ryerson).

Please refer to the BIBLIOGRAPHY for descriptions of these and wide array of other available materials.

USE OF THE CURRICULUM GUIDE

This curriculum guide is organized as follows:

Unit Introductions:

Each of the ten suggested content units begins with an introductory page which:

1. briefly describes the OBJECTIVES of the unit;
2. gives the CONTENT headings of the unit;
3. lists the primary and secondary UNDERSTANDINGS the unit has been designed to develop, and
4. provides an index of the possible STRATEGIES provided for teaching the unit.

Teachers are urged to study these unit overviews carefully, as they constitute the essence of the suggested course.

The units consist of a varying number of strategies, each numbered and printed on an independent page. These strategies are of three types: Introductory (usually Paradise Island), Developmental, and Culminating. A quick glance at this guide will make it obvious that it is impossible to use all the strategies. Consequently, teachers MUST select those which will best suit the needs and interests of their students or design their own methods of achieving the objectives of the unit. One feasible approach would be to emphasize the Introductory and Culminating strategies, while adding a manageable number of the Developmental strategies for each unit.

Strategies:

1. list the suggested UNDERSTANDINGS to be developed;
2. describe one or more possible methodologies or TECHNIQUES;
3. suggest (when appropriate) one or more possible EVALUATION techniques; and
4. list specific REFERENCES to the core materials and other items in the bibliography.

Appendices:

Following the strategies are a number of appendices. These contain teaching material too bulky to incorporate in the strategies, or descriptions of recommended simulations and games.

Bibliography:

Finally, there is the Bibliography, whose introductory page is self-explanatory.

In conclusion, it should be noted that this guide has been published in a format which lends itself to the use of a three-ring binder. Teachers are urged to use the guide in this way, and to add to, delete from, and rearrange the strategies to suit their circumstances. It is also the hope of the committee that it will be possible to periodically revise and update limited portions of this guide. Obviously, this provides an additional motive for the loose-leaf format.

Paradise Island

PARADISE ISLAND

The Committee feels that Wilson & Warmke's Life on Paradise Island is the best single presentation of basic economic theory available. The book's simplicity, directness and clarity of style places it well within the range of comprehension of any high school student. However, because it was written for middle graders, some care needs to be exercised in its use.

Teachers may employ Life on Paradise Island as a simulation (see Appendix C for an introduction to simulations and games). The fact that the book creates a model of a basic economy should be stressed. A student reading/class discussion technique is suggested, although some portions of the book lend themselves to role playing.

There are three recommended methods for using Paradise Island:

- A. as a course introduction
- B. as an introduction to each of the units in the course
- C. a combination of A and B.

A. COURSE INTRODUCTION

The teacher could provide an excellent introduction to, and groundwork in, economics, by working through Paradise Island as a simulation at the beginning of the course, over a period of perhaps two weeks. This method has the advantage of providing awareness of the scope and range of economics before beginning any detailed study. As the course develops, teachers can then refer back to understandings originally presented in Paradise Island.

B. UNIT INTRODUCTIONS

Alternately teachers can employ the appropriate portions of Paradise Island as an introduction to each of the course's units. (See strategies 1.1, 2.1, 3.1, etc.) This method keeps the fundamentals of economics clear in the students' minds as new concepts are introduced.

C. COMBINATION

Teachers can combine the two methods, thus providing both the overview of method A and the continuous reinforcement of method B. Teachers choosing this route should take care, however, that too much time is not spent on Paradise Island to the exclusion of other worthwhile material.

Unit Overviews and Strategies

UNIT ONE: THE ECONOMIC SETTING

Objectives:

To give students an overview of the basic economic concepts of scarcity, choice and the marketplace.

Content:

The need for every individual and society to make economic choices--what, how, how much, who--due to economic scarcity. The need for an understanding of the marketplace, circular flow, and the Gross National Product.

Understandings:

A. Primary:

1. scarcity
2. wants
3. choice
4. capital goods
5. consumer goods
6. market
7. circular flow
8. Gross National Product
9. producers
10. consumers
11. supply
12. demand

B. Secondary:

1. efficiency
2. free goods
3. economic goods
4. factors of production
5. utility
6. opportunity cost
7. barter

Strategies:

- | | |
|-------------------|--------------------------------|
| a. Introductory: | 1.1 Paradise Island |
| b. Developmental: | 1.2 Needs and Wants |
| | 1.3 Scarcity, Wants and Choice |
| | 1.4 Marketplace |
| | 1.5 Factors of Production |
| | 1.6 Circular Flow Model |
| | 1.7 Aggregate Production |
| c. Culminating: | 1.8 Economic System |

Strategy 1.1: Paradise Island

1. Understandings to be Developed:
scarcity, wants, barter, capital goods, consumers,
efficiency, producers, consumer goods
2. Suggested Methodology or Technique:
Use of Paradise Island Simulation. (See Appendix C
for an introduction to simulations).
3. Evaluation:
Short quiz on definitions
4. References and Materials:
Paradise Island, pp. 11-15

Strategy 1.2: Needs and Wants

1. Understandings to be Developed:

scarcity, wants, choice

2. Suggested Methodology or Technique:

- a. Teacher-initiated discussion: "What factors influence the choices a person makes of particular goods to satisfy his wants?". The following ideas should be drawn from the class:
 1. Basic physiological wants, e.g., food and water
 2. Culturally induced wants, e.g., deodorants
- b. Student debate: Resolved that (any item) is a scarce economic good.
- c. Student evaluation of family needs. Have students prepare a list of their family's needed economic goods. How can these wants be satisfied at various levels of income?

3. Evaluation:

4. References and Materials:

Strategy 1.3: Scarcity, Wants and Choice

1. Understandings to be Developed:

scarcity, wants, capital goods, choice, consumer goods,
utility, opportunity cost

2. Suggested Methodology or Technique:

- a. Illustrated lecture on "Scarcity, Wants and Choice."
- b. Class discussion of the statement:
"Every choice involves a cost."

3. Evaluation:

A brief paper on, for example, the students' concept
of scarcity.

4. References and Materials:

Economics: A Search for Patterns, pp. 121-126

Economics: A Canadian Perspective, pp. 301-310

Today's Economics, pp. 5-10

Comparative Economic Systems, "What, how and for whom".

World of Economics, ch. 3

The Economic Process, pp. 16-45

Strategy 1.4: Marketplace

1. Understandings to be Developed:

supply, price, competition, demand, market, exchange

2. Suggested Methodology or Technique:

- a. Teacher initiated discussion: "How does society reconcile scarce resources with unlimited wants?"
- b. Market simulation (Today's Economics, pp. 19-22)
- c. Illustrated lecture on "Meaning of a Market".

3. Evaluation:

4. References and Materials:

Economics: A Canadian Perspective, pp. 138-140, 305-310

Today's Economics, "The Market Game", pp. 19-22

Comparative Economic Systems, "The Market Economy as an Organizing Device", pp 57-59

The Economic Process, ch. 5

Contemporary Canada: Readings in Economics, pp. 111-126

Strategy 1.5: Factors of Production

1. Understandings to be Developed:

factors of production, payments for factors of production, economic welfare, private property, public property

2. Suggested Methodology or Technique:

a. Film: "Mrs. Peabody's Beach", followed by discussion.

b. Lecture/discussion:

i) the combining of factors of production to maximize income and level of living.

ii) payments (rent, wages, interest and profit) for factors of production.

3. Evaluation:

b. i) or ii) above could serve as an essay topic.

4. References:

Paradise Island, pp. 26-39, 48-57

Economics: A Search for Patterns, pp. 121-125

Mrs. Peabody's Beach, film

Strategy 1.6: Circular Flow Model

1. Understandings to be Developed:

consumption, production, income, supply, demand, market, factors of production, consumer goods

2. Suggested Methodology or Technique:

Illustrated lecture/discussion of the "Circular Flow" theory of economics.

3. Evaluation:

4. References and Materials:

Paradise Island, pp. 40-47

Economics: A Canadian Perspective, pp. 37-40

World of Economics, pp. 141, 266

The Economic Process, p. 266

Strategy 1.7: Aggregate Production

1. Understandings to be Developed:

Gross National Product

2. Suggested Methodology or Technique:

- a. Present a definition of Gross National Product, and have students read the section on National Income Accounting in the Canada Year Book.
- b. Students should be made aware of the distinction between GNP in constant and in current dollars.

3. Evaluation:

Have students graph the Gross National Product pattern from 1947 to 1969 in current and constant prices (World of Economics, p. 261; Economics: A Search for Patterns, p. 75, and Economics: A Canadian Perspective, p. 22).

4. References and Materials:

Paradise Island, ch. 4

Canada Year Book

Economics: A Canadian Perspective, pp. 13-17, 22-27

Economics: A Search For Patterns, pp. 71-75

World of Economics, pp. 248-67

The Economic Process, pp. 265-70

Strategy 1.8: Economic System

1. Understandings to be Developed:

Unit understandings are reinforced.

2. Suggested Methodology or Technique:

A class or individual project on:

"What institutions and factors affect the way our scarce economic resources are allocated between competing uses - say between the production of chocolate bars and automobiles?"

3. Evaluation:

Teacher evaluation of the above assignment.

4. References and Materials:

Today's Economics, pp. 5-10

Economics (Samuelson/Scott)

UNIT TWO: PRODUCTION, SPECIALIZATION AND EXCHANGE

Objectives:

To gain an understanding of production, the reasons for specialization in our economy, and the interdependence of people, institutions and regions.

Content:

self-sufficiency, barter, specialization and exchange, factors of production.

Understandings:

A. Primary:

1. specialization
2. interdependence
3. exchange
4. medium of exchange
5. factors of production
 - a. land
 - b. labour
 - c. capital
 - d. entrepreneurship
6. payment for factors
 - a. rent
 - b. interest
 - c. wages
 - d. profit
7. optimum factor combination

B. Secondary:

1. surplus
2. self-sufficiency
3. staple (primary products)
4. barter
5. private property
6. public property
7. opportunity cost

Strategies:

- | | |
|-------------------|--------------------------------------|
| a. Introductory: | 2.1 Paradise Island |
| b. Developmental: | 2.2 Inventory of Community Resources |
| | 2.3 Comparative Study of Agriculture |
| | 2.4 Regional Specialization |
| c. Culminating: | 2.5 A Grain Farm |

Strategy 2.1: Paradise Island

1. Understandings to be Developed:

specialization, surplus, medium of exchange, barter, interdependence, exchange, self-sufficiency, factors of production

2. Suggested Methodology or Technique:

Students read ch. 2 and 3 of Paradise Island and discuss the major concepts in relation to our economy.

3. Evaluation:

A quiz on economic definitions.

4. References and Materials:

Paradise Island, ch. 2 and 3

Strategy 2.2: Inventory of Community Resources

1. Understandings to be Developed:
specialization, self-sufficiency

2. Suggested Methodology or Technique:
Students are divided into groups to carry out a study of the local community with reference to specialization and self-sufficiency. Group reports may be presented.

3. Evaluation:
 - a. Research
 - b. Group presentations

4. References and Materials:
 - Community Data Sheets, free material
 - Atlas of Saskatchewan
 - Today's Economics, pp. 61-62
 - Saskatchewan Economic Review, periodical
 - A Report on the Declining Population and the Implications for Education

Strategy 2.3: Comparative Study of Agriculture

1. Understandings to be Developed:

specialization, staples (primary products)

2. Suggested Methodology or Technique:

- a. A comparative study of types of Canadian farms considering comparative advantage and available production factors. This should provide a clear understanding of specialization.
- b. Class discussion on: "How do patterns of production reflect the relative scarcity of resources? For example, farming methods in Canada tend to make use of relatively large amounts of land in relation to labour; while in Europe, agriculture is more labour intensive".

3. Evaluation:

Written report

4. References and Materials:

Studies in Canadian Economic Geography, ch. 1-3

Farming in Canada, free material

Saskatchewan Department of Agriculture, free material

A Report on the Declining Population and the Implications for Education

Regional Disparities, pp. 47-62

Geographic Perspectives series:

1. Patterns in Agricultural Change
2. World Patterns in Food Production

Several individual titles from the three series in the references for 2.4 would be valuable.

Strategy 2.4: Regional Specialization

1. Understandings to be Developed:

specialization, staple (primary products), exchange

2. Suggested Methodology or Technique:

Library research and report on Canadian regional specialization, emphasizing interdependence and including examples.

3. Evaluation:

Content

Style

Mechanics

Organization

of written report

4. References and Materials:

Economics: A Canadian Perspective, pp. 427-430

Economics: A Search for Patterns, ch. 22

Studies in Canadian Economic Geography, ch. 1-6

Man's Economic World

reference could be made to: Inside Canada series,
Ginn Sample Studies of Canada, People and Places in
Canada series, The Regional Studies of Canada series,
Canada Year Book

Strategy 2.5: A Grain Farm

1. Understandings to be Developed:

factors of production, payments for factors of production, economic welfare.

2. Suggested Methodology or Technique:

- a. Examine a grain farm as a basic production unit.
- b. Divide the class into groups. One group could be responsible for factors of production, another for payments for factors of production, a third for economic welfare.
- c. Groups research two or three farms (of different sizes) and in discussion try to determine the optimum factor combinations.

3. Evaluation:

An essay on the optimum factor combinations to operate a successful grain farm.

4. References and Materials:

Economics: A Search for Patterns, pp. 121-123

Studies in Canadian Economic Geography, ch. 1-3

Farming in Canada, free material

Saskatchewan Department of Agriculture, free material

"Wheat Farming Near Regina", Ginn Sample Studies of Canada series

We're Here to Stay, film

UNIT THREE: BUSINESS ORGANIZATION

Objectives:

To assist students to gain an understanding of the organization, the operation and the problems of business institutions.

Content:

Need for organization; types of organization; advantages and disadvantages of each type; selecting the appropriate organization; government and business.

Understandings:

A. Primary:

1. types of business organization
 - a. sole proprietorship
 - b. partnership
 - c. co-operative
 - d. corporation
2. profit and loss
3. risk
4. competition
5. business regulation

B. Secondary:

1. stockholders
2. board of directors
3. investors
4. holding company
5. depreciation
6. location analysis

Strategies:

- | | |
|-------------------|---|
| a. Introductory: | 3.1 Creation of a Business |
| | 3.2 Stockholders |
| b. Developmental: | 3.3 Interlocking Directorates and Holding Company |
| | 3.4 Business Regulation |
| | 3.5 Competition |
| | 3.6 Crown Corporations |
| | 3.7 Co-operation |
| c. Culminating: | 3.8 Business Organization |

Strategy 3.1: Creation of a Business

1. Understandings to be Developed:

sole proprietorship, partnership, corporation, board of directors, risk, investors, co-operative

2. Suggested Methodology or Technique:

- a. Divide students into groups to decide on an industry or service that could be introduced into the community in which they live. Sources of capital can be given (or begin with \$10,000).

Consideration by both teacher and students of location analysis:

- i) geography and natural resources
 - ii) transportation and potential market
 - iii) skill and training facilities of the workers
 - iv) changes in the living habits of the people
- b. Using the above business, have the class decide which form of business organization should be formed-- sole proprietorship, partnership, corporation or co-operative.

3. Evaluation:

- a. Research and contacts made within the area
- b. Calibre of recommendations
- c. Use of maps, photographs, slides, etc.

4. References and Materials:

Today's Economics, p. 61

Economics (Samuelson/Scott), pp. 106-130

Money and Business, pp. 34-49

Dollars and Sense, pp. 118-122

S.T.F. Teaching Materials, "Canabird Manufacturing Company"

Strategy 3.2: Stockholders

1. Understandings to be Developed:

stockholders, profit, loss, risk

2. Suggested Methodology or Technique:

- a.
 - i) Teacher or resource person explains the nature of the stock market.
 - ii) Give the students an hypothetical sum of money (\$2,000, \$5,000, \$10,000, etc.) and ask them to purchase stocks. They should keep a record of their purchases, profits and loss. The student should be allowed to buy and sell following the stock market quotations. This activity should continue for the balance of the term (see also Strategy 8.2). A variation would be to add a broker (perhaps the teacher), who would deduct his commission from the transactions.
- b.
 - i) Explain the nature of the stock market.
 - ii) Students could be encouraged to form an "investment club". This club would be a holding company which sells shares for \$1.00 per share to the class. The class would have to decide whether voting should be on the basis of one share one vote or one member one vote. The money raised would then be invested in shares. "Investment companies" will be willing to send a number of prospectuses and/or send a representative to discuss with the students their investment problems. (It goes without saying that such a project must be operated on a strictly voluntary basis.)

3. Evaluation:

(over)

4. References and Materials:

Your Money!

How to Invest Your Money

Economics: A Canadian Perspective, pp. 234-246

Money and Business, pp. 206-222

Make Your Money Grow, ch. 1-4

Dollars and Sense, pp. 89-106, 111-113

Investment Terms and Definitions

Toronto Stock Exchange, free material

"Profits", Canadian Chamber of Commerce, free material

Strategy 3.3: Interlocking Directorates and Holding Company

1. Understandings to be Developed:

holding company, board of directors, corporation, competition, business regulation

2. Suggested Methodology or Technique:

- a. As introduction, students read "Big Business",
Economics: A Search for Patterns, p. 131. Discuss.
- b. Students draw a diagram to illustrate the relationship between the five original corporations (Board, Batton, Tongue and Groove Ltd., etc.)
- c. Students make a diagram to show how all the companies described are eventually controlled by Kobald Aktien-gesellschaft.
- d. Discuss the implications of the diagrams:
 - a. Nature of interlocking directorates.
 - b. Nature and characteristics of the holding company.
 - c. Nature and characteristics of conglomerates and multi-national corporations.

3. Evaluation:

Essay: "Is the holding company a problem in the economy of Canada?"

4. References and Materials:

Economics: A Search for Patterns, pp. 131-136

Strategy 3.4 : Business Regulation

1. Understandings to be Developed:

business regulation

2. Suggested Methodology or Technique:

- a. Students read "Farmer Tom Hatfield" and discuss the questions on p. 53 of Today's Economics.
- b. As an alternative or follow-up, study the Saskatchewan Hog Marketing Commission. Should government be involved in regulating the hog market?

3. Evaluation:

Prepare a case study on the Saskatchewan Hog Marketing Commission. Evaluation would be on the basis of:

- 1) an awareness of differing values
- 2) presentation of evidence to support a point of view

4. References and Materials:

Today's Economics, p. 53

Pamphlets on hog marketing:

- Government of Saskatchewan
- Opposition Parties of Saskatchewan

Strategy 3.5 : Competition

1. Understandings to be Developed:

profit, loss, risk, investors, competition,
business regulation

2. Suggested Methodology or Technique:

a. Students read and discuss the case studies found in
Today's Economics (pp. 17, 29, 31, 36).

b. Students individually or in groups, research one of
the above case studies and write up their findings.

- e.g. 1) the situation
2) problem(s) to be solved
3) assumptions made
4) possible solutions
5) conclusions including choice of solution and
reasons for the choice

3. Evaluation:

Student reports.

4. References and Materials:

Today's Economics, pp. 17, 29, 31, 35

Economics: A Canadian Perspective, pp. 149-151

Strategy 3.6: Crown Corporations

1. Understandings to be Developed:

corporation, crown corporation

2. Suggested Methodology or Technique:

a. Students prepare a case study on the involvement of government in business through crown corporations, or in partnership with corporations. Specific examples (which also provide interesting contrast) might be SaskOil and Panarctic Oils.

or

b. Students prepare a case study on the Government of Saskatchewan's purchase of shares in Intercontinental Packers.

3. Evaluation:

The case study would be evaluated on the basis of:

1. awareness of differing values
2. a presentation of evidence for the conclusions reached.

4. References and Materials:

Economics: A Search for Patterns, pp. 141-145

Canada Year Book, "Crown Corporations"

Forced Growth

Strategy 3.7 : Co-operation

1. Understandings to be Developed:

co-operatives, credit unions

2. Suggested Methodology or Technique:

a. Presentation by local co-op or credit union manager,
or Wheat Pool field rep;

and/or

b. Viewing and discussion of one or more of the audio-
visual items listed below;

and/or

c. Student research on the nature of co-operation and
the organization of co-operatives.

3. Evaluation:

Participation in discussion and/or student research
project.

4. References and Materials:

Co-operation, free material

Co-operative College of Canada, free material

Saskatchewan Wheat Pool, free material

You and the Co-op, free material

Together to Live, film

A Picture of Unity, film

We're Here to Stay, film

Strategy 3.8 : Business Organization

1. Understandings to be Developed:

individual proprietorship, partnerships, co-operatives, corporations, crown corporations

2. Suggested Methodology or Technique:

a. Students prepare a case study on the advantages of:

- i) individual proprietorship
- ii) partnerships
- iii) co-operatives
- iv) corporations
- v) crown corporations

b. Student analysis and report on the problems created by the giant corporation, based on The Corporation film series.

3. Evaluation:

Evaluate the case study presented by the student.

4. References and Materials:

Paradise Island, ch. 14

Economics: A Search for Patterns, pp. 127-133

Canada Year Book, "Crown Corporations"

World of Economics, ch. 15

Doing Business in Canada series, "Forms of Business Organization", free material

The Corporation series, films

Co-operative College of Canada, free material

Co-operatives: Distinctive Business Corporations, slide set

UNIT FOUR: LABOUR ORGANIZATION

Objectives:

To give the student an understanding of the process of collective bargaining and the role unions play in the economy.

Content:

Collective bargaining; types of unions; union and management bargaining tools; advantages and disadvantages of unions; government and labour.

Understandings:

A. Primary:

1. union
2. union organization
3. collective bargaining
4. conciliation
5. mediation
6. arbitration
7. strikes

B. Secondary

1. dues
2. check-off
3. union security
4. lockouts

Strategies:

- | | |
|-------------------|---------------------------|
| a. Introductory: | 4.1 Collective Bargaining |
| b. Developmental: | 4.2 Why Unions? |
| c. Culminating: | 4.3 Strikes |

Strategy 4.1 : Collective Bargaining

1. Understandings to be Developed:

collective bargaining, conciliation, mediation, arbitration, strikes, lockouts.

2. Suggested Methodology or Technique:

Use game (Appendix F) which simulates the negotiation of a union agreement between the employees and management of an automobile manufacturing firm. For larger classes, divide into four groups, two representing management and two representing labour.

3. Evaluation:

A class discussion on the effectiveness of collective bargaining as an instrument for settling disputes between labour and management.

4. References and Materials:

Appendix F

Economics: A Search for Patterns, pp. 286-287

Labour and Management

Canadian Economic Issues, pp. 390-413

Notes on Unions, free material

Man and His Work, free material

Strategy 4.2: Why Unions?

1. Understandings to be Developed:

unions, union organization, union security, dues, check-off

2. Suggested Methodology or Technique:

- a.
 - i) Students hypothesize about the need for unions in our economy.
 - ii) Students search for evidence relevant to their arguments.
 - iii) Students reassess their point of view in light of the evidence they have gathered.
- b. Debate: Resolved that every farmer should be a member of the National Farmers' Union.
- c. Debate: Resolved that all employees in Canada should be organized into unions.

3. Evaluation:

- a. Student - teacher conference
- b. Participation in small group discussion

4. References and Materials:

Economics: A Search for Patterns, pp. 241-287

World of Economics, pp. 206-219

Economics (Samuelson/Scott), pp. 161-184

Economic Analysis and Canadian Policy, pp. 424-439

The Canadian Economy: Selected Readings, pp. 272-285

Raymond Stearns, Pageant of Europe, New York: Harcourt Brace and World Inc., pp. 493-496

"The Early Trade Unions", Jackdaw series

Notes on Unions, free material

Man and His Work, free material

Do Not Fold, Staple, Spindle or Mutilate, film

Strategy 4.3: Strikes

1. Understandins to be Developed:

collective bargaining, conciliation, arbitration,
mediation, strikes, lockouts, union security

2. Suggested Methodology or Technique:

Debates:

- a. Be it resolved that governments should intervene to stop all strikes.
- b. Be it resolved that workers in service industries should not be allowed to strike.

3. Evaluation:

- a. Research
- b. Presentation of students' arguments

4. References and Materials:

Economics: A Search for Patterns, pp. 241-287

Readings in the World of Economics, pp. 117-130

Doing Business in Canada series, "Labour Legislation",
free material

Strike, A Simulation Game

UNIT FIVE: THE ROLE OF THE MARKET

Objectives:

To provide the student with an understanding of the role of the market in the determination of prices and quantities.

Content:

Market; price determination; price indexing; advertising

Understandings:

A. Primary:

1. market
2. price
3. supply
4. demand
5. inflation
6. deflation
7. consumer price index
8. profit

B. Secondary:

1. advertising
2. utility
3. production
4. consumption

Strategies:

- | | |
|-------------------|--|
| a. Introductory: | 5.1 Market |
| b. Developmental: | 5.2 Price Theory |
| | 5.3 Comparative Pricing |
| | 5.4 Measurement of General Price Changes |
| | 5.5 Advertising |
| c. Culminating: | 5.6 A Market Economy |

Strategy 5.1 : Market

1. Understandings to be Developed:

market, demand, supply, price, profit

2. Suggested Methodology or Technique:

- a. A simulation based on the exercise described in Today's Economics, p. 19.
- b. Variations may be introduced into the game by having more sellers than buyers and vice versa.

3. Evaluation:

Class analysis of the simulation.

4. References and Materials:

Today's Economics, p. 19

Economic System, simulation game

Strategy 5.2: Price Theory

1. Understandings to be Developed:

price, supply, demand, market, production, consumption, consumer goods, production costs, consumer sovereignty, profit

2. Suggested Methodology or Technique:

Teacher lecture to illustrate:

- a. graphing supply and demand
- b. the price mechanism - equilibrium price
- c. prices in the modern economy

3. Evaluation:

4. References and Materials:

Economics: A Canadian Perspective, ch. 11-14
Sunshine Sketches of a Little Economics, article two
Economics: A Search for Patterns, pp. 189-201
Today's Economics, pp. 19-26, 30
Economics (Samuelson/Scott), pp. 56-59, 80-99, 469-490
World of Economics, pp. 62-94
Comparative Economic Systems, pp. 60-74
Beat the Market, simulation game

Strategy 5.3: Comparative Pricing

1. Understandings to be Developed:

loss leader, price, competition

2. Suggested Methodology or Technique:

- a. Prepare a list of 25 grocery items and have the students price these items by visiting a variety of stores, or by using the advertising in the major Saskatchewan dailies.
- b. This could be a continuing project, and the data collected for any one store could be used to construct a price index (see strategy 5.4).

3. Evaluation:

Students read Economics: A Search for Patterns and familiarize themselves with how the Consumer Price Index is constructed.

4. References and Materials:

Saskatoon Star-Phoenix, Wednesday edition
Regina Leader-Post, Thursday edition
Economics: A Search for Patterns, pp. 199
World of Economics, pp. 193-197
Food Prices Review Board, free material

Strategy 5.4: Measurement of General Price Changes

1. Understandings to be Developed:

price, consumer price index, inflation, deflation

2. Suggested Methodology or Technique:

Students construct a price index for a mythical country: e.g., Consumers in YAP purchase monthly:

	2 qts. of X				
	3 gals. of Y				
	5 lbs. of Z				
	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>
Price of X (per qt)	10	14	11	13	16
Y (per gal)	45	45	40	37	40
Z (per lb)	89	76	73	95	98
Cost of purchases	6.00	5.43	5.07	6.12	6.42
Index (Jan.=100)	100.0	90.5	84.5	102.0	107.0

3. Evaluation:

- Students graph price changes in Canada from 1947 to present. see Economic Review.
- Why is it incorrect to refer to the consumer price index as "the cost of living index"?

4. References and Materials:

Economic Review

Economics: A Canadian Perspective, pp. 91-93, 140-145, 369-374

Economics: A Search for Patterns, p. 75

Canada Year Book

Money and Business, pp. 100-103

World of Economics, pp. 193-197

Economic Analysis and Canadian Policy, pp. 63-67

Dollars and Sense, pp. 137-141

The Canadian Economy and Its Problems, ch. 4

The Canadian Economy: Selected Readings, pp. 26-49

Strategy 5.5: Advertising

1. Understandings to be Developed:

advertising, supply, demand, price, consumer sovereignty,
consumer protection

2. Suggested Methodology or Technique:

Students prepare a case study on: "The purpose and
cost of advertising".
(For a discussion on the use of case studies, see
Appendix D).

3. Evaluation:

Evaluate the case study.

4. References and Materials:

Economics: A Search for Patterns, pp. 158-159, 193

Today 's Economics, pp. 27-28

Sunshine Sketches of a Little Economics, article four

The Hidden Persuaders

The Economic Implications of Advertising

The Economic Process: Inquiry and Challenge, pp. 37-43

21 Popular Economic Fallacies, pp. 113-126

Consumer Power: Advertising, film

Strategy 5.6: A Market Economy

1. Understandings to be Developed:

market, circular flow, price, supply, demand, production, consumption, capital goods, consumer goods, income, consumer sovereignty

2. Suggested Methodology or Technique:

Sheldonia: A Simulated Economy:

The purpose of this game is to simulate the operations of a market economy. Students will be put into a situation where they have to make economic decisions. The game will last about seven periods, each period being divided into two sections. In each section every individual must meet certain basic needs. Each adult role must spend approximately \$15 on food.

When the student buys food, buys a car, etc., he will receive a token which he must keep as proof of his payment. The student must also enter this on his personal account ledger.

At the beginning of the game each student will be issued \$100 to get the economy rolling. This money is to be used to meet the individual's personal expenses until he gets a job. The remainder may be invested or spent as the student sees fit. The object of the game as far as the teacher is concerned is to manipulate the economy's productivity, its money supply and fiscal policies in a cyclical fashion--moving between deflation and inflation.

3. Evaluation:

Response to: "Does Canada have a market economy?"

4. References and Materials:

Appendix B

Economics: A Canadian Perspective, Part C

Economics: A Search for Patterns, pp. 16-21, 191-201

Sunshine Sketches of a Little Economics, articles 2, 5 and 8.

Economic System, simulation game

UNIT SIX: MONEY AND BANKING

Objectives:

To provide students with an understanding and appreciation of the role of money and financial institutions in the Canadian economy.

Content:

money and near-money; banks and near-banks; banking system; money supply; and control of the money supply by the Bank of Canada.

Understandings:

A. Primary:

1. banks
2. inflation and deflation
3. credit (business, retail, service, sources of trade)
4. currency
5. financial institutions
6. money
7. money supply

B. Secondary:

1. bank loans
2. bond market
3. capital
4. cash flow
5. cash reserve
6. cheques
7. coinage
8. consumer credit
9. credit union
10. deposits
11. discount (bond, loan, mortgage)
12. finance company
13. savings
14. trust company

Strategies:

- | | |
|------------------|---------------------------------|
| a. Introductory | 6.1 Paradise Island |
| | 6.2 Theory of Money |
| b. Developmental | 6.3 The Banking System |
| | 6.4 History of Canadian Banking |

(over)

c. Culminating:

6.5 Banking Services

6.6 Monetary Policy

6.7 Banking System

6.8 Theory of Banking

Strategy 6.1: Paradise Island

1. Understandings to be Developed:

bank, cheque, circular flow, deposit, interest, loan,
money, medium of exchange, standard of value

2. Suggested Methodology or Technique:

Paradise Island

3. Evaluation:

Oral quiz

4. References and Materials:

Paradise Island, ch. 7, 8 and 9

Strategy 6.2: Theory of Money

1. Understandings to be Developed:

medium of exchange, money, currency, price

2. Suggested Methodology or Technique:

- a. Students read "The Terrible Wreck of Yap" from Sunshine Sketches of a Little Economics; and/or
- b. Students read "The Modern Economy" from Economics: A Search for Patterns.
- c. Group discussion on origins and functions of money based on a. and b. and other readings.

3. Evaluation:

Group or individual reports.

4. References and Materials:

Sunshine Sketches of a Little Economics, pp. 41-43
Economics: A Search for Patterns, pp. 167-170, 183
Economics: A Canadian Perspective, pp. 101-103, 107-109
Economics (Samuelson/Scott), pp. 67-70, 337-343
Economic Analysis and Canadian Policy, pp. 129-134

Strategy 6.3: The Banking System

1. Understandings to be Developed:

chartered banks, central bank (Bank of Canada), branch banking, control of money supply

2. Suggested Methodology or Technique:

Illustrated lecture-discussion.

3. Evaluation:

A short test composed of objective items and a brief essay question.

4. References and Materials:

Economics: A Search for Patterns, pp. 171-188

Economics (Samuelson/Scott), pp. 352-363

Economic Analysis and Canadian Policy, pp. 134-141

The Canadian Economy and Its Problems, pp. 82-96

Canadian Bankers' Assn., free material

Strategy 6.4: History of Canadian Banking

1. Understandings to be Developed:

assets, mortgages, deposits, banking, credit, saving, interest, capital, loans, financial institutions

2. Suggested Methodology or Technique:

- a. Read "Banking in Canada", Economics: A Search for Patterns.
- b. Community resource person--banker, credit union manager.
- c. Group discussion or reports on:
 - history of Canadian banking
 - bank liabilities and assets
 - regulation of banks
 - safety of the banking system
 - other financial institutions
 - Bank of Canada
 - growth and development of Canadian credit unions

3. Evaluation:

Individual or group reports

4. References and Materials:

Economics: A Search for Patterns, pp. 171-182
100 Years of Banking in Canada, free material
Saskatchewan Co-operative Credit Society, free material

Strategy 6.5 : Banking Services

1. Understandings to be Developed:

account, cheques, demand deposit, money order, deposit, service charge, letter of credit, term deposit, trust account, withdrawal, traveller's cheque, collateral, loans, safety deposit box

2. Suggested Methodology or Technique:

- a. Introductory lecture followed by a resource person from a bank who speaks to a prepared list of topics, concluded by a class discussion.
- b. Field trip to bank and/or credit union.

3. Evaluation:

A follow-up questionnaire

4. References and Materials:

Your Money!

Money and Business, pp. 8-24

Dollars and Sense, pp. 130-134

Your Money Matters kit, free material

The Banking Connection, film

The Modern Cheque, filmstrip

Strategy 6.6: Monetary Policy

1. Understandings to be Developed:

coinage and paper money, bank deposits, central bank, open market operations, reserve ratio, moral suasion, Bank Rate

2. Suggested Methodology or Technique:

Class discussion: "How does the central bank control the money supply in Canada?"

3. Evaluation:

- a. What policies should the central bank follow with regard to monetary policy in an inflationary or deflationary period?
and/or
- b. Under what circumstances should the central bank consider expanding or contracting the money supply?
and/or
- c. Describe, discuss and compare the tools available to the Bank of Canada for controlling the money supply.

4. References and Materials:

Economics: A Canadian Perspective, pp. 120-137

Money and Business, pp. 107-109

Economics: A Search for Patterns, pp. 182-188

World of Economics, pp. 300-314

Economics (Samuelson/Scott), pp. 380-406

Economic Analysis and Canadian Policy, pp. 144-153, 176-182

The Canadian Economy: Selected Readings, pp. 63-111

How the Canadian Money Supply is Affected by Various Banking and Financial Transactions and Developments, free material

Strategy 6.7.: Banking System

1. Understandings to be Developed:

assets, banking, cheques, credit, loans, savings,
deposits, interest

2. Suggested Methodology or Technique:

- a. Students simulate the banking system using the material in Appendix E.
- b. Follow-up discussion of the essential elements of the banking system, the function of each element and the interrelationships of the different elements.

3. Evaluation:

Simulation participation and individual or group reports.

4. References and Materials:

Appendix E

Canadian Bankers' Assn., free material

Strategy 6.2 : Theory of Banking

1. Understanding to be Developed:

banking, credit, loans, medium of exchange, money, saving, currency, deposits, interest

2. Suggested Methodology or Technique:

- a. Students read "How to Tell Off a Bank President" from Sunshine Sketches of a Little Economics
- b. Group discussion about the function of banks--how they create money and credit, and the problems of control

3. Evaluation:

Participation and group or individual reports

4. References and Materials:

Sunshine Sketches of a Little Economics, no. 44-46

Economics: A Canadian Perspective, pp. 109-120

World of Economics, pp. 199-206

Economics (Samuelson/Scott), pp. 363-375

Your Money Matters kit, free material

UNIT SEVEN: PERSONAL FINANCES

Objectives:

To give students an understanding of the nature of a well-thought-out savings and investment plan.

Content:

Investment planning--short-term investments, long-term investments, the stock exchange, insurance.

Understandings:

A. Primary:

1. risk
2. profits
3. interest
4. short-term investments
5. long-term investments
6. stock exchange
7. insurance

B. Secondary:

1. security
2. liquidity
3. yield on investments
4. dividends
5. capital gain
6. compounding interest
7. inflation hedge
8. bonds
9. debentures
10. savings certificates
11. bank accounts
12. insurance policies
13. annuities
14. pensions

Strategies:

- a. Introductory: 7.1 Personal Credit
- b. Developmental: 7.2 Stocks, Mutual Funds and Bonds
7.3 The Stock Market - A Case Study
7.4 Insurance
7.5 Retirement Planning
7.6 Real Property
- c. Culminating: 7.7 Investment Portfolio

Strategy 7.1 : Personal Credit

1. Understandings to be Developed:

credit, loans, mortgages, interest

2. Suggested Methodology or Technique:

a. Guest speaker discusses interest rates, credit rating, collateral and use of credit

b. Assume you are going to borrow:

- a. \$500 for 12 months
- b. \$1000 for 24 months
- c. \$2000 for 36 months
- d. \$5000 for 60 months

Visit a chartered bank, credit union and finance company and determine: interest rate, finance charge, and total cost.

c. Group or individual reports on:

- a. different kinds of lending agencies
- b. different kinds of loans
- c. how to calculate loan cost
- d. who gets loans and why
- e. collection procedures on unpaid loans

d. Group discussions on borrowing and budget problems

3. Evaluation:

Group or individual reports on 2. a. and b.

4. References and Material:

Your Money!

Money and Business, pp. 16-24, 28-32

Dollars and Sense, pp. 15-24, 130-134

(over)

Contemporary Canada: Readings in Economics, sec. 3

Money Management Library, multi-media kit

Consumer Power: Credit, film

The Money Tree, film

Using Money Wisely, film

Your Credit Is Good, film

Your Money Matters kit, free material

Canadian Bankers' Assn., free material

Strategy 7.2 : Stocks, Mutual Funds and Bonds

1. Understandings to be Developed:

stocks, bonds, mutual funds, risk, brokerage,
Dow-Jones Averages and other indices

2. Suggested Methodology or Technique:

Divide class into groups to draw up portfolios of stocks
and bonds emphasizing:

- a. Safety
- b. Moderate risk
- c. A high risk portfolio

(See also Strategy 4.3)

3. Evaluation:

Justification for the portfolio built and some analysis
of stock performance.

4. References and Materials:

Your Money!

How to Invest Your Money

Economics: A Canadian Perspective, pp. 234-243

Money and Business, ch. 4-6

Dollars and Sense, pp. 89-113

Make Your Money Grow, ch. 1-4

World of Economics, ch. 10

How You Can Make a Fortune in Canada

Investment Terms and Definitions

Daily newspaper stock quotation pages

Financial Post, periodical

Globe and Mail Report on Business, periodical

Toronto Stock Exchange, free material

Company annual reports

Stock Market, game

Strategy 7.3 : The Stock Market - A Case Study

1. Understandings to be Developed:

investment, market, risk, loss, stocks, profits

2. Suggested Methodology or Technique:

- a. Have students read: "Businessman Ed Eager Faces a Tough Decision", Today's Economics. Have them answer "Would you borrow the \$10,000 or not?" and give their reasons.
- b. Have students read "Instability is a Problem in a Market Economy".

3. Evaluation:

4. References and Materials:

Today's Economics, pp. 45-48

Toronto Stock Exchange, free material

Strategy 7.4 : Insurance

1. Understanding to be Developed:

insurance, risk, security, premiums, policy, policy-holder, life insurance, actuary

2. Suggested Methodology or Technique:

- a. Students read pp. 122-125 of Paradise Island. Follow this with a discussion of the theory of insurance.
- b. Have an insurance representative speak on specified topics.

3. Evaluation:

4. References and Materials:

Paradise Island, pp. 122-125

Your Money!

Money and Business, pp. 223-229

Dollars and Sense, pp. 80-88

Economics (Samuelson/Scott), pp. 522-523

Readings in the World of Economics, pp. 93-100

Strategy 7.5 : Retirement Planning

1. Understandings to be Developed:

retirement budgeting, Canada Pension Plan, registered retirement savings plans

2. Suggested Methodology or Technique:

Students read "The Retirement Budget" in Economics: A Search for Patterns and prepare a program that will meet their (or their parents') needs when they retire.

3. Evaluation:

Retirement program prepared by student

4. References and Materials:

Economics: A Search for Patterns, pp. 166, 299-306

Your Money!

Money and Business, pp. 223-239

Dollars and Sense, pp. 25-28, 33-37

How You Can Make a Fortune in Canada

Save Tax in Canada and Retire at 45

"The Canada Pension Plan", Health and Welfare Canada, latest available edition

Strategy 7.6 : Real Property

1. Understandings to be Developed:

mortgage, cost of credit, FHA mortgage requirements, amortization

2. Suggested Methodology or Technique:

- a. Invite a realtor to discuss the local market for homes and/or farms with the class.
- b. Teacher led discussion of real estate and its purchase.

3. Evaluation:

4. References and Materials:

Your Money!

Money and Business, pp. 24-32, 241-244

Dollars and Sense, pp. 38-54, 114-117

Central Mortgage and Housing Corporation,
pamphlets and other literature.

Strategy 7.7 : Investment Portfolio

1. Understandings to be Developed:

investment plan, security, yield, interest, dividend, capital gain, inflation hedge, bonds, debentures, bank accounts, insurance, annuity, pension, short and long-term investments, real estate, mutual fund, balanced portfolio

2. Suggested Methodology or Technique:

Students assume that they have certain personal assets and using this as a base, together with projected personal income, they plan a sound personal investment portfolio. This may be done as an individual or group project.

3. Evaluation:

Report of each student or group

4. References and Materials:

Your Money!

Money and Business

Make Your Money Grow

Dollars and Sense

How to Invest Your Money

How You Can Make a Fortune in Canada

Investment Terms and Definitions

Your Money Matters kit, free material

UNIT EIGHT: INTERNATIONAL TRADE

Objectives:

To assist students in acquiring an appreciation of the role and importance of international trade in the Canadian economy. To provide an understanding of the nature of barriers to trade.

Content:

Comparative advantage; foreign lending; Canada's trade pattern; balance of international payments; imports and exports; exchange rate; International Monetary Fund; stabilization of Canadian dollar; trade barriers--pros and cons; international co-operation to reduce trade barriers; foreign investment

Understandings:

A. Primary:

1. GNP
2. staple
3. foreign trade
4. comparative advantage
5. balance of payments
6. protectionism
7. foreign investment
8. imports and exports
9. tariffs

B. Secondary:

1. foreign lending
2. exchange rate
3. stabilization
4. quotas

Strategies:

- | | |
|-------------------|---|
| a. Introductory: | 8.1 Paradise Island |
| b. Developmental: | 8.2 Comparative Advantage |
| | 8.3 Historical Development of
Canada's Foreign Trade |
| | 8.4 Balance of Payments |
| | 8.5 Barriers to Trade |
| | 8.6 Canada-U.S. Automotive Agreement |
| c. Culminating: | 8.7 Free Trade vs. Protection |

Strategy 8.1 : Paradise Island

1. Understandings to be Developed:

foreign trade, imports, exports, tariffs, GNP

2. Suggested Methodology or Technique:

- a. Students read Paradise Island, ch. 13
- b. Use of questions after the reading to create an awareness of the reasons for and advantages of foreign trade and its impact on the GNP in Canada.

3. Evaluation:

Short factual quiz

4. References and Materials:

Paradise Island, pp. 109-113

Economics: A Canadian Perspective, Part E.

Economics: A Search for Patterns, pp. 203-211, 214-215

Strategy 8.2 : Comparative Advantage

1. Understandings to be Developed:

foreign trade, imports, exports, tariffs

2. Suggested Methodology or Technique:

Discussion of comparative advantage as a basis for trade.

3. Evaluation:

4. References and Materials:

Economics: A Canadian Perspective, pp. 331-336,
and pp. 365

Economics: A Search for Patterns, pp. 203-205
and Question Booklet, pp. 19

Economics (Samuelson/Scott), pp. 806-812

World of Economics, pp. 391-393

Strategy 8.3: Historical Development of Canada's Foreign Trade

1. Understandings to be Developed:

foreign trade, staple, imports, exports

2. Suggested Methodology or Technique:

Reading related to Canada's development in relation to exports and imports.

3. Evaluation:

Students are asked to interpret the statistics on pp. 205-6 of Economics: A Search for Patterns, in terms of the progress of economic development in Canada.

4. References and Materials:

Economics: A Search for Patterns, pp. 203-208

Economics: A Canadian Perspective, pp. 317-321,
351-353

Sir John A. Builds a Wall

Strategy 8.4 : Balance of Payments

1. Understandings to be Developed:

exchange rate, balance of trade, balance of payments, IMF, Special Drawing Rights, gold standard, devaluation

2. Suggested Methodology or Technique:

Research assignment/class discussion:

- a. Assume a closed three nation international trading economy in perfect equilibrium, i.e., each country buys and sells equal amounts from and to the other countries. Each country's balance of payments in merchandise and capital accounts is zero.

What would be the effect on prices in and the balance of payments of each country, of each of the following occurrences:

- i) Country A devalues its currency by 10%
 - ii) Country B induces a substantial increase in domestic interest rates
 - iii) Country C is afflicted by a sudden inflation of its domestic prices
 - iv) Country A becomes heavily involved in the financing of a remote colonial war
 - v) Country B's economic and trade staple, its coffee crop, is ruined by a disastrous drought
- b. Trace the evolution of the gold standard into the IMF's system of special drawing rights.

3. Evaluation:

Until recently, the United States financed its balance of payments deficits by exporting gold.

- a. What major reasons caused the United States to suspend this practice?
- b. What other methods are available to a nation with balance of payment difficulties?

4. References and Materials:

Economics: A Canadian Perspective, pp. 324-329,
and 353-364

Economics: A Search for Patterns, pp. 214-215

World of Economics, pp. 403-419

Money and Business, pp. 198-204

The Economic Process, pp. 415-427

Economics (Samuelson/Scott), pp. 785-805, 867-890

Economics Analysis and Canadian Policy, pp. 82-87,
and 216-226

The Canadian Economy: Selected Readings, pp. 323-335

Contemporary Canada, pp. 302-307

Toronto Stock Exchange, monthly and annual review

International Monetary Fund, free material,

especially "Some Reflections on the Nature of Special
Drawing Rights", by J. J. Polak (1971), #16 in the
IMF free pamphlet series

Strategy 8.5: Barriers to Trade

1. Understandings to be Developed:

foreign trade, tariffs, quotas, embargoes, dumping,
international agreements, export taxes

2. Suggested Methodology or Technique:

- a. Individual and/or group research reports on one of the following types of trade agreements:
 - i) General Agreement on Tariffs and Trade (GATT)
 - ii) Benelux, the European Coal and Steel Community
 - iii) European Common Market
 - iv) International Monetary Fund (IMF)
 - v) Preferential tariffs, Canada-U.K. trade relations
 - vi) Canadian-American trade relations
 - vii) Organization of Petroleum Exporting Countries (OPEC)
- b. The "National Policy" vs. "Reciprocity" - the endless Canadian debate.

3. Evaluation:

- a. Individual or group reports
- b. Participation in discussion/debate
- c. A student evaluation of the arguments for and against the protective tariff

4. References and Materials:

Economics: A Canadian Perspective, pp. 321-324,
351-358

Economics: A Search for Patterns, pp. 211-216

Canada Year Book

(over)

World of Economics, pp. 394-401

Economics (Samuelson/Scott), pp. 832-848

Economic Analysis and Canadian Policy

Sir John A. Builds A Wall

The Canadian Economy: Selected Readings, pp.
360-374

"Canadian Customs Duties", "Tariff Preferences
for Canadian Goods Abroad:", Doing Business in
Canada series, free material

Strategy 8.6 : Canada - U.S. Automotive Agreement

1. Understandings to be Developed:

foreign trade, imports, exports, tariffs

2. Suggested Methodology or Technique:

Preparation of a case study

3. Evaluation:

Case study

4. References and Materials:

Canada Year Book 1972, pp. 1,058-1,069

Economic Analysis and Canadian Policy, pp. 209-211

Studies in Canadian Economic Geography, ch. 8

Canadian Economic Issues, pp. 563-569

Economic Nationalism, pp. 2-6

Strategy 8.7 : Free Trade vs. Protection

1. Understandings to be Developed:

trade, arguments for and against protection, tariffs, quota, embargo, foreign exchange controls

2. Suggested Methodology or Technique:

Lecture/discussion

3. Evaluation:

Participation in discussion. Written summary of pertinent arguments pro and con.

4. References and Materials:

Economics: A Canadian Perspective, pp 321-324,
and 351-358

Economics: A Search for Patterns, pp. 203-216

World of Economics, pp. 389-419

Canadian Economic Issues, pp. 446-448, 472-496

Contemporary Canada: Readings in Economics

UNIT NINE: THE ROLE OF GOVERNMENT IN THE CANADIAN ECONOMY

Objectives:

To give students an understanding of the role of government in the economy.

Content:

Rationale for the involvement of government in the economy; public finance--revenue and expenditure; government regulation; fiscal policy; income maintenance; consumer protection

Understandings:

A. Primary:

1. government revenue
2. government expenditures
3. taxation
4. income redistribution
5. government regulation
6. business cycle

B. Secondary:

1. consumer protection
2. equity in taxation
3. progressive taxation
4. income tax
5. property tax
6. sales tax
7. non-tax revenues
8. fiscal policy
9. capital gains tax
10. transfer payments

Strategies:

- | | |
|-------------------|--|
| a. Introductory: | 9.1 Paradise Island |
| b. Developmental: | 9.2 Business Cycles |
| | 9.3 Fiscal Policies |
| | 9.4 Taxation |
| | 9.5 Government Expenditures |
| | 9.6 Local Government Revenue and Expenditure |

(over)

9.7 Price and Income Controls

9.8 Consumer Protection

9.9 Government and Economic Growth

9.10 Income Redistribution

c. Culminating: 9.11 Government Involvement

Strategy 9.1 : Paradise Island

1. Understandings to be Developed:

inflation, wages, full employment, resources, deflation,
scarcity, income, welfare, GNP, monopoly

2. Suggested Methodology or Technique:

Reading or simulation followed by class discussion

3. Evaluation:

A short paper on why government should or should not
enter into the regulation of the economy

4. References and Materials:

Paradise Island, pp. 101-107, 127-135

Strategy 9.2: Business Cycles

1. Understandings to be Developed:

depression, income, full employment, wages, deflation, recession, recovery, inflation, taxes, Gross National Product, unemployment

2. Suggested Methodology or Technique:

- a. Students read Articles 3, 6 and 7 from Sunshine Sketches of a Little Economics, and Economics: A Search for Patterns, pp. 234-240.
- b. Who makes decisions with regard to savings, and who makes spending decisions, and what is their relationship? (May be supplemented by teacher lecture).

3. Evaluation:

- a. Student essay: What is the effect on the economy of:
 - i) an increase in saving; and
 - ii) an increase in investment? (decreases should also be considered)
- b. Students graph national and regional unemployment rates, 1954 to present (Economic Review)

4. References and Materials:

Sunshine Sketches of a Little Economics, articles 3, 6 and 7

Economics: A Search for Patterns, pp. 234-240

Economics: A Canadian Perspective, pp. 12-27, 369-414

Economics (Samuelson/Scott), pp. 311-314, 320-330

The Economic Process, p. 310

The Dirty Thirties: Canadians in the Great Depression

Inflation: On Prices and Wages and Running Amok, multi-media kit

The Great Depression, sound filmstrip

Strategy 9.3 : Fiscal Policies

1. Understandings to be Developed:

full employment, inflation, recession, recovery,
deflation, taxes, government expenditures, public debt,
business cycle

2. Suggested Methodology or Technique:

Student research and report on "How can governments,
by changing taxes and/or expenditures, stimulate the
economy when it is depressed?"

3. Evaluation:

Student reports

4. References and Materials:

Economics: A Search for Patterns, pp. 233-240

World of Economics, pp. 315-328

Economics (Samuelson/Scott), pp. 429-455

Economic Analysis and Canadian Policy, pp. 162-175,
and 182-192

Strategy 9.4: Taxation

1. Understandings to be Developed:

taxation, governments and their incomes, income tax, sales tax, property tax, business tax, capital gains tax, equity

2. Suggested Methodology or Technique:

- a. A description of the main taxes levied on Canadians
- b. A comparison of the sources of revenue of the three levels of government in Canada

3. Evaluation:

4. References and Materials:

Public Finance in Canada, pp. 197-298

Economics: A Search for Patterns, pp. 217-233

World of Economics, pp. 228-233

Money and Business, pp. 72-88

Economics (Samuelson/Scott), pp. 203-223

Economic Analysis and Canadian Policy, pp. 240-249

Canadian Economic Issues, pp. 114-137

Canada Year Book

Newspapers, community resources

"Budget Speech", Minister of Finance, Legislative Building, Regina, or Minister of Finance, House of Commons, Ottawa

Teaching Taxes, free material

A Non-Taxing Look at Taxation, free material

"Taxation; Income, Business, Property", "Taxation: Sales, Excise, Commodity", Doing Business in Canada series, free material

Strategy 9.5 : Government Expenditures

1. Understandings to be Developed:

government expenditures on goods and services,
transfer payments

2. Suggested Methodology or Technique:

- a. Students graph government expenditures as a percentage of GNP, 1926 to present
- b. Students prepare pie graphs comparing the types of expenditures of the three levels of government
- c. Students list and define the major types of government transfer payments to individuals, and plot their growth since World War II
- d. Debate: Be it resolved that Canadian governments spend too much (too little) on transfer payments

3. Evaluation:

Student reports and/or participation

4. References and Materials:

Economics: A Canadian Perspective, pp. 63-65,
and 68-72

World of Economics, pp. 229

Public Finance in Canada, pp. 66-75

Economics (Samuelson/Scott), pp. 185-196

Economic Analysis and Canadian Policy, pp. 228-231

How Your Tax Dollar Is Spent, free material

"Budget Speech", federal and provincial Ministers
of Finance

Municipal accounts

Strategy 9.6 : Local Government Revenue and Expenditure

1. Understandings to be Developed:

property tax, business tax, assessment, mill rate,
fees, licenses, local government expenditures

2. Suggested Methodology or Technique:

- a. Introductory lecture-discussion on municipal budgeting
- b. Preparation of pie graphs illustrating local government revenue and expenditures
- c. Field trip to local government offices (municipal and/or educational) for collection of data

3. Evaluation:

4. References and Materials:

Money and Business, pp. 75, 80-86

Public Finance in Canada, pp. 299-386

Canadian Economic Issues, pp. 185-195

A Report on the Declining Rural Population
and the Implications for Education

Community resources

Strategy 9.7 : Price and Income Controls

1. Understandings to be Developed:

tax, welfare, price control, income control, inflation

2. Suggested Methodology or Technique:

- a. Individual student projects on the pros and cons of price and income controls
- b. Class discussion
- c. Using Appendix H, students prepare position papers.

3. Evaluation:

Individual projects

4. References and Materials:

Appendix H

Economics: A Search for Patterns, pp. 189-190,
197-199 and 239-240

Inflation, Unemployment and Incomes Policy

Economics (Samuelson/Scott), pp. 1,031-1,036

Economics Analysis and Canadian Policy, pp. 185-187

Inflation: On Prices and Wages and Running Amok,
Multi-media kit

Periodicals, political materials

"Wage and Price Controls in Britain", Food
Prices Review Board, free material

Strategy 9.8 : Consumer Protection

1. Understandings to be Developed:

consumer sovereignty, consumption, consumer goods,
consumer protection, advertising, competition,
controls

2. Suggested Methodology or Technique:

a. Class research and debate:

- i) "Caveat emtor" is still valid in today's
consumer marketplace
- ii) Advertising is beneficial to the interests
of the consumer (see also Strategy 6.5)

b. Research and report on the activities of the federal
Department of Consumer and Corporate Affairs and/or
the provincial Department of Consumer Affairs.
Both departments employ educational consultants
who may be available for personal presentations.
In addition, the Consumer Education consultant of
the Department of Education can be of considerable
assistance.

3. Evaluation:

Reports and/or participation in debates

4. References and Materials:

Consumer and Corporate Affairs Canada,
Derrick Building,
1825 McIntyre Street,
REGINA, Saskatchewan. S4P 2R2 525-8736

Saskatchewan Department of Consumer Affairs,
1753 Cornwall Street,
REGINA, Saskatchewan. S4P 2K1 525-8791

Economics: A Search for Patterns, pp. 151-164, 193

Today's Economics, pp. 27-28

Your Money!

(over)

Sunshine Sketches of a Little Economics, article 4
Canada Year Book
Dollars and Sense, ch. 7-11, 24
Readings in the World of Economics, pp. 35-41
21 Popular Economic Fallacies, pp. 95-100
The Economic Process: Inquiry and Challenge,
pp. 28-43
Consumer Information kit, free material
Consumer Power: Advertising, film
Spend, Spend, film
Consumer Studies: Buyer Beware!, sound filmstrip
"Let the Buyer Beware", sound filmstrip

Strategy 9.9: Government and Economic Growth

1. Understandings to be Developed:

investment, risk, subsidies, incentives, economic growth, productivity, inflation, unemployment

2. Suggested Methodology or Technique:

a. Students examine the problem of developing natural resources in Canada, followed by class discussion:

- i) How do corporations raise funds for resource development?
- ii) How does government assist industries engaged in exploration and development?
(Refer particularly to DREE, Panarctic Oils, P.A. Pulp, Intercontinental Packers, SaskOil, etc.)

b. Research assignment/class discussion/debate:

- i) Growth vs. Stability: Should the Government of Canada pursue a policy of economic growth coupled with inflation, or should economic growth be sacrificed for price stability?
- ii) Can Canada afford (not) to build the Mackenzie Valley pipeline?
- iii) Is it possible for the Government of Canada to stimulate growth and development in the depressed areas of the country without fanning the fires of inflation elsewhere?

3. Evaluation:

Written assignments, participation in class discussion

(over)

4. References and Materials:

Forced Growth

Economics: A Canadian Perspective, pp. 415-459

Economics: A Search for Patterns, pp. 78-81,
149-150

Money and Business, pp. 95-97

Mackenzie Valley Package

World of Economics, pp. 331-346

Economics (Samuelson/Scott), pp. 1,002-1,039,
also ch. 36

Economic Organization, exercise 2

Public Finance in Canada, pp. 24-27

"Federal Incentives to Industry", "Financing Canadian Industry", Doing Business in Canada series,
free material

Corporation: Growth, film

Strategy 9.10: Income Redistribution

1. Understandings to be Developed:

income, transfer payments, negative income tax, regional disparities, poverty, guaranteed annual income

2. Suggested Methodology or Technique:

- a. Students attempt to calculate the average annual cost of living for a family in their community by estimating total expenditures for food, clothing, housing, etc. The resultant figure should be compared to:
 - i) the currently accepted "poverty level", and
 - ii) the level of welfare payments.
- b. Students plot the current Lorenz Curve from statistics available in the Canada Year Book. A Lorenz Curve plots the cumulative percentage of income earned along the vertical axis, against the percentage of income earners on the horizontal axis (see Introductory Macroeconomics, pp. 526-527; Lorenz Curves are also thoroughly discussed in Samuelson/Scott, and Lipsey/Sparks/Steiner).
- c. Should a linear Lorenz Curve be a government policy objective in Saskatchewan? in Canada?
- d. Having plotted a Lorenz Curve for individuals in the Canadian economy, students can be led to some very interesting conclusions by plotting the same type of curve for the world's nations, based on per capita GNP.
- e. Research project on the various types of transfer payments:
 - i) to individuals
 - ii) between governmentsShould include a discussion of volume and effect.

(over)

3. Evaluation:

Written paper either supporting or attacking one of the following:

- a. Canada needs a Guaranteed Annual Income Plan (or negative income tax).
- b. The federal government must increase the size and scope of its equalization grants.

4. References and Materials:

Economics: A Canadian Perspective

Economics: A Search for Patterns, pp. 76-81

Introductory Macroeconomics: A Canadian Analysis, pp. 524-532

Economic Analysis and Canadian Policy, pp. 440-447

Public Finance in Canada: Selected Readings, pp. 151-196

Regional Disparities

World of Economics, pp. 155-164, 339-343

The Economic Process: Inquiry and Challenge, pp. 118-135

Poverty and Social Policy in Canada

Poverty, Man in Society series

Canada's Poor: Are They Always to be With Us?

Economics (Samuelson/Scott), pp. 142-160, 193-196, 970-976, 1,013-1,015

Contemporary Canada: Readings in Economics, pp. 131-158

Canadian Economic Issues, pp. 38-46

The Canadian Economy & Its Problems, ch. 9 and 10

Poverty, Issues for the Seventies series, especially pp. 51-64

Ghetto, simulation game

The World of 1 in 5, film

Strategy 9.11 : Government Involvement

1. Understandings to be Developed:

Role and extent of government involvement in the economy

2. Suggested Methodology or Technique:

Class discussion and/or debate and/or written student presentation on one or more of the following topics:

- a. Resolved that governments can make the business cycle obsolete
- b. Governments should stay out of business
- c. Education should be turned over to the private sector
- d. Economic stability is more important than economic growth
- e. Social welfare should be the responsibility of private charities
- f. Government should assume total responsibility for the marketing of farm products

3. Evaluation:

4. References and Materials:

previously listed unit resources

The Economic Process: Inquiry and Challenge, ch. 9

Contemporary Canada, Sec. 4

Today's Economics

UNIT TEN: COMPARATIVE ECONOMIC SYSTEMS

Objectives:

To give students an understanding and appreciation of our own and alternative economic systems.

Content:

The need for an economic system; common economic systems; free enterprise, socialism, communism, fascism.

Understandings:

A. Primary:

1. capitalism
2. communism
3. private (or free) enterprise
4. socialism
5. mixed economy (or mixed enterprise)

B. Secondary:

1. monopoly
2. marxism
3. laissez-faire
4. fascism, corporate state
5. production
6. private property
7. competition
8. command economy
9. planned economy
10. collectives
11. profit motive

Strategies:

- | | | |
|-------------------|------|------------------------------|
| a. Introductory: | 10.1 | Types of Economic Systems |
| b. Developmental: | 10.2 | Economic Models |
| | 10.3 | Contrasting Economic Systems |
| c. Culminating: | 10.4 | Comparative Economic Systems |

Strategy 10.1: Types of Economic Systems

1. Understandings to be Developed:

capitalism, command economy, communism, competition, private (or free) enterprise, socialism, mixed economy

2. Suggested Methodology or Technique:

- a. Students read and discuss the case study, "How Shall Jones Run Pine City Dynamics", for an awareness of traditional, command, and market economies, in Today's Economics, p. 11.
- b. Students read the case studies on page 13:
"There are Lots of Ways to Swing an Economy."
 - i) What countries are described and what are their economic systems?
 - ii) What problems are there in each economy?
 - iii) What advantages are there in each economy?
- c. Read the remainder of the Case Study (pp. 14-16) and discuss.

3. Evaluation:

Have students answer questions on p. 12, Today's Economics, "Think it Over."

4. References and Materials:

Today's Economics, pp. 11-16
Economics: A Canadian Perspective, ch. 34
Economics: A Search for Patterns, pp. 15-16
Capitalism and Other Economic Systems
Economic Organization
Comparative Economic Systems

Strategy 12.2 : Economic Models

1. Understandings to be Developed:

capitalism, command economy, communism, competition,
private enterprise, private property, monopoly,
socialism, market economy, mixed economy

2. Suggested Methodology or Technique:

Case Study--Neurasia (USSR), Oceania (USA in the 1930's)
and New Zenith (USA in the 1970's) are models of
three social, economic and geographical settings. The
class can be divided into three groups to study a model
in an attempt to create an economic system that will be
best.

3. Evaluation:

Reports on models

4. References and Materials:

Appendix G

Strategy 10.3: Contrasting Economic Systems

1. Understandings to be Developed:

capitalism, command economy, communism, competition,
private (or free) enterprise, private property,
nationalization, socialism, marxism, market economy,
mixed economy (or mixed enterprise)

2. Suggested Methodology or Technique:

Students construct a chart comparing Capitalism,
Socialism and Communism under the following headings:

1. Who decides the national economic goals
2. How the activities of individuals in the economy are co-ordinated to achieve these goals
3. Ownership of basic resources and property
4. Whose wants receive the most attention when scarce resources are allocated
5. The degree of government control over people and business
6. What incentives are used to induce people to work hard and creatively
7. Has the economy grown steadily without severe cyclical variation
8. Who decides how fast the economy will grow
9. How much personal freedom is enjoyed
10. Success in raising the standard of living
11. How much personal security is enjoyed
12. What countries are examples of the system

3. Evaluation:

Evaluation of chart

(over)

4. References and Materials:

Economics: A Search for Patterns, pp. 15-28, 31-39

Economics: A Canadian Perspective, ch. 34

Today's Economics, pp. 11-16

Sunshine Sketches of a Little Economics, pp. 11-13

Economic Organization

World of Economics, pp. 42-51, 350-388

Readings in the World of Economics, pp. 242-265

Comparative Economic Systems

Contemporary Canada: Readings in Economics, pp.
381-415

Capitalism and Other Economic Systems

Economics (Samuelson/Scott), pp. 46-52, 72-79

Strategy 10.4 : Comparative Economic Systems

1. Understandings to be Developed:

See understandings for Strategy 10.3

2. Suggested Methodology or Technique:

Committees are struck to study and report on the economic systems of countries in contrast to our own. The following outline can be used:

1. Country (location, population, population density, natural resources, basic industry, major exports and imports).
2. Type of government
3. Type of economic system
4. Institutional characteristics (e.g.: private property rights, price system, freedom of enterprise, competition, government control)
5. Production decisions (what? how? for whom?)
6. Role of economic growth
7. Major economic problems
8. Distribution of income (per capita standard of living--per diem caloric consumption, housing, education, leisure)

3. Evaluation:

Committee reports

4. References and Materials:

See sources for Strategy 10.3

Appendices

"APPENDIX A"

LAW OF DIMINISHING RETURNS

Suppose there are five cornfields of ten acres each of about equal fertility.

1. Field A. the land is cultivated once and \$100 of chemical fertilizer is used (1 unit)
2. Field B. gets two cultivations and \$200 of fertilizer (2 units)
3. Field C. (3 units) et cetera

The total yield from these applications from labour and capital might be found as follows:

Fields (10 acres)	Total Yield (bushels)	Yield per acre (bushels)	Increase in Yield per Acre for each additional unit (bushel)
Field A (1 unit)	200	20	
Field B (2 units)	420	42	22
Field C (3 units)	600	60	18
Field D (4 units)	700	70	10
Field E (5 units)	750	75	5

The first unit on Field A produces 20 bushels per acre; 2 units on Field B produce more than double this amount; 3 units on Field C give a return of 3 times as much as 1 unit. However, 4 units on Field D do not produce 4 x 20 or 80 bushels, but only 70 bushels. The fifth unit of labour (cultivation) and capital has resulted only in 5 extra bushels, whereas the second unit resulted in 22 extra bushels. Each extra unit after the second one gives a smaller return than the previous one.

This gives us the Law of Diminishing Returns: When successive equal expenditures of labour and capital are applied to the utilization of a given natural resource, a point is reached after which further expenditures do not produce returns in proportion to the expenditures.

"APPENDIX B"

SHELDONIA - A SIMULATED ECONOMY

TEACHER'S GUIDE:

Objectives:

The student should learn that:

1. economics is the method that societies use to meet the unlimited needs of its people with scarce resources.
2. our society attempts to do this through the law of supply and demand.
3. our economy has been cyclical, moving periodically from deflation to inflation and back again.
4. deflation and inflation can be controlled by government fiscal policies.
5. the roles of monetary policy, saving and investment and taxation are vital to the development of any economy.
6. the government uses all these tools to stabilize the economy.

The Operation of the Game:

There are approximately 30 roles in this game:

Roles

These roles are selected by lottery:

three farmers

one factory manager

one mine manager

one wholesale manager

two supermarket managers

one apartment manager

one garage manager

Leader of the Conservative Party

Leader of the Liberal Party

Leader of the Socialist Party

Civil Servants

. one deputy minister of finance

. one Government Administrator

. one Central Bank Manager

. one stockbroker

three clerks

five miners

five autoworkers

thirty roles

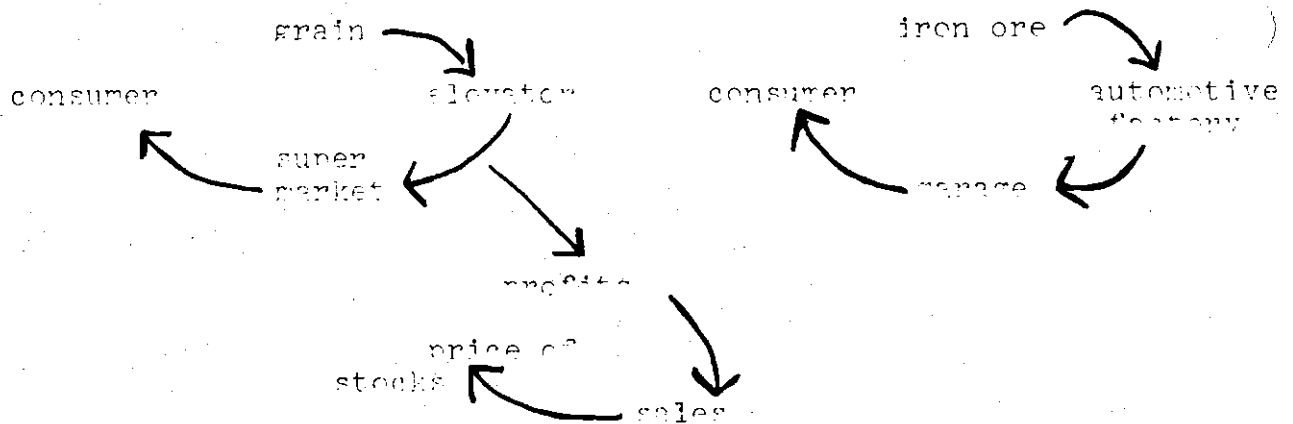
)The numbers of these roles can be varied
)to suit the size of a class.

The purpose of this game is to simulate the operations of a market economy. The students will be put into a situation where they have to make economic decisions. They, then, will be able to trace the impact of these decisions on the economy.

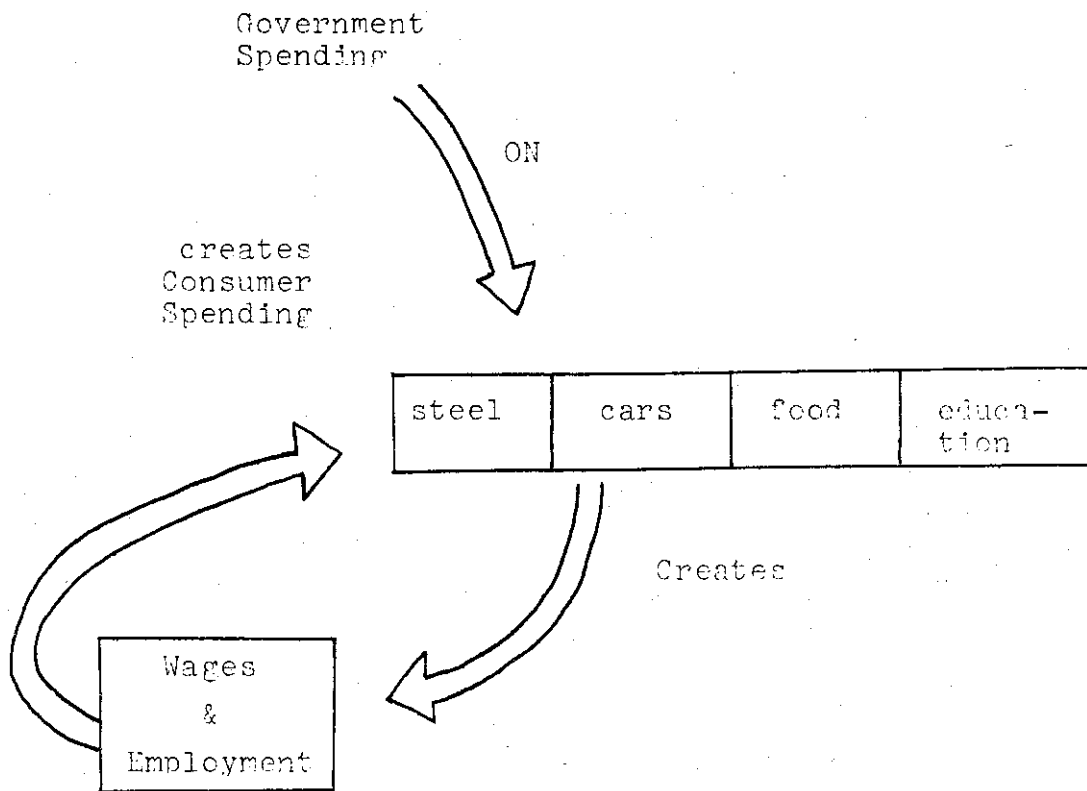
The game will last about seven periods. In each period, each player (who has an imaginary wife and two children) must spend part of his income on food and shelter for himself and his family. Food will cost approximately \$15 per person and rent will cost approximately \$10 per adult. The total cost per period is around \$60 per family.

When the student buys food, a car, etc., he will receive a token which he must keep as proof of his payment. The student must also enter this on his personal account ledger.

At the beginning of the game each student will be issued \$100 (this can vary) to get the economy rolling. This money is to be used to meet the individual's personal expenses until he gets a job. The remainder may be invested or spent as the student sees fit. This means that for the first period there will be about \$5000 in circulation (3000, to the players and 2000 to the bank). The object of the game as far as the teacher is concerned is to manipulate the economy's productivity, its money supply and fiscal policies in a cyclical fashion - moving between deflation and inflation. There are overheads prepared which will allow the student to assess the impact of changes in the money supply, etc. The productivity of the economy can be manipulated by chance cards. (There will be three cycles in the economy).



In the next phase of the game, deflation and inflation will be created by manipulating the money supply. This will be done through government spending. (Initially the government or control will be run by a teacher and after the first election the government will be run by a student politician).



The students should be encouraged to experiment with the economy. This is particularly the role of the politicians. These people should adopt a certain attitude toward the economy and attempt to have the type of economy they advocate implemented. Part of each period should be devoted to a debate on how the economy should operate and then a vote will be taken on who should run the government.

SHELDONIA - A Simulated Economy

Table of Contents:

- A. General Instructions
- B. Roles
- C. Instructions for the Roles
- D. Personal Account Ledger

Name _____

Role _____

SHELTONIA - A Simulated Economy

A General Instructions

Everyone should attempt to earn as much wealth as possible. This, of course, is not an easy thing to do. Becoming wealthy will require you to show imagination and initiative. There are different ways in which you can earn money. It is up to you to find them.

Wealth will not be assessed by the amount of money you have at the end of the game, but rather by the amount of goods you have consumed during the game. Each food token, rent token and automobile unit are worth points according to the schedule set out below. The student who has earned the most points at the end of the game is the winner. Every player must have at least as much money at the end of the game as he had at the beginning of the game. If a player is in debt he will have the amount of money he is in debt subtracted from his point total. A player does not get points for money.

Point Schedule

Food Tokens

number of tokens	first	second	third	fourth	fifth	sixth
number of points	10	9	8	7	6	5
	seventh	eighth	ninth	tenth		
	4	3	2	1		

Rent Tokens

number of tokens	first	second	third	fourth	fifth	sixth
number of points	15	14	12	10	6	5
	seventh	eighth	ninth	tenth		
	4	3	2	1		

Automobile units

number of units	first	second	third	fourth	fifth	sixth
number of points	30	20	15	13	10	8
	seventh	eighth	ninth	tenth	eleventh	
	6	4	3	2	1	

This schedule is cumulative. For instance, if at the end of the first day you had:

4 food tokens - this would be 34 points
 first token = 10
 second " = 9
 third " = 8
 fourth " = 7

2 rent tokens - this would be 29 points
 first token = 15
 second " = 14

2 automobile tokens - this would be 50 points
 first unit = 30
 second unit = 20

Your total score for that period would be 113 points. At the end of the period you should give this total to your teacher for recording.

As in the real world, each player is required to pay for the basic necessities of life such as food and shelter. In this game each player (unless otherwise specified) will be considered to be married and supporting two children. Although the spouse and children do not actually exist each member of the game is required to support himself and his dependents by buying a food token per person and a rent token per adult. Every player must have tokens which will be his receipts.

Each player will be given \$100 at the beginning of the game. The costs of maintaining a family of four will be approximately as follows:

Food	4 tokens @ \$10 per token =	\$40.00
Rent	2 tokens @ \$10 per token =	<u>20.00</u>
	Total	\$60.00

These prices are approximate and may fluctuate up or down. \$100.00 will not sustain a player and his family for very long so it is necessary for each person to seek employment of some kind. Certain of you will have drawn positions which have salaries, but others must go out and find employment. The salaries you receive are to be used to pay for your basic needs. Any savings can be put in the bank, invested in a business or spent on an automobile or some other merchandise.

B. Roles

These roles are selected by lottery;

three farmers

one factory manager

one mine manager

one wholesale manager

two supermarket managers

one apartment manager

one garage manager

Leader of the Conservative Party

Leader of the Liberal Party

Leader of the Socialist Party

Civil Servants

. one deputy minister of finance

. one Government Administrator

. one Central Bank Manager

. one stockbroker

three clerks

five miners

five autoworkers

thirty roles

) The numbers of these roles can
) be varied to suit the size of a class
)

Anyone can start a business in this game. If you (and your partner) have enough money, you can buy a business franchise from the government, get some business account

forms to keep the accounts and you are ready to begin. You should be careful to start a business which has a chance of survival. If you do not have enough money, you might be able to persuade someone else to invest money in your business by buying shares which you have put up for sale on the stock market. Also you might be able to persuade the bank to lend you money.

If you become the majority shareholder in a business, you then control the business. If the manager doesn't do as you wish, you can dismiss him.

<u>Businesses</u>	<u>Cost of a Business Franchise</u>	<u>Point Schedule to Use</u>
farm	\$ 500.00	
wholesaler	700.00	
supermarket	700.00	Food Token Schedule
apartment	1,000.00	Rent Token Schedule
mine	700.00	
factory	1,000.00	
garage	700.00	Automobile Schedule

C. Instructions for the roles

Farmers

You are married with two children to support.

At the beginning of each period you are to go to the control to pick a chance card to determine how many units of produce you will have to sell each day. You can then take this produce to the wholesale manager and sell it for the highest price you can get.

Besides your personal expenses, you will have business expenses to meet. Each farmer must have a truck to operate his farm. The truck will wear out every day and must be replaced.

After you have calculated your profit, (total income minus expenses) you must pay the government income tax. The rate has to be decided by the government. (It will likely be about 10%). There are business account forms which you must keep up to date. If the government asks to see your accounts and they are not up to date, you will be fined.

At the beginning you must pay your franchise costs. If you do not have enough money, you can raise it by selling shares or by borrowing money from the bank.

Manager's Instructions

As manager you are responsible to the shareholders of your corporation for its profitable operation. The shareholders who are the owners can meet at any time and review your management. They have the right to replace you with anyone whom they feel will do a better job.

Your first responsibility is to raise operating capital. You will need enough money to pay for the business franchise and to run the company until it begins to make money. You can raise

money by borrowing from the bank and by selling shares to the general public on the stock market. It is up to you to decide how much each share is worth. You should remember that a share is part ownership of the company, that you need to raise a certain amount of money and that the public can only afford so much in setting your price. Any profits made by the company must be divided equally among the shares which have been sold. This dividend is then distributed to the owners of the shares.

Mine, Factory and Garage Managers

You must have employees before you can start production. Each employee is worth a certain amount of steel units. (See schedule below). Every employee will have a contract form he will give to you in return for a wage which you and he will agree. When you have completed your hiring bring these forms to control (your teacher) and you will be given the steel units for which you qualify.

Production Schedule for the Mine and Factory

first employee is worth 10 steel units
second employee is worth 9 steel units
third employee is worth 8 steel units
fourth employee is worth 7 steel units
fifth employee is worth 6 steel units
sixth employee is worth 5 steel units

These steel units can be sold by the mine to the factory and in turn to the garage. The steel units are then sold by the garage to the general public as automobiles. The farms, the wholesale business, the supermarkets and the apartments must buy an automobile unit every day. These units count as points. In the case of companies the points must be divided equally among the shares which have been sold.

Supermarket and Wholesale Manager

The farmers will sell their food tokens to the wholesaler who will in turn sell the food tokens to the supermarkets. The general public can only buy food units from the supermarkets and wholesaler must buy an automobile every day as part of their business expense.

Apartment Manager

You are responsible for renting apartments to the public. You must buy an automobile every day as part of your business expense.

Mine and Factory Workers

You can be employed at either the mine or the factory. It is up to you to negotiate your wages with the companies. Your teacher will give you a form with your name on it. This form can be exchanged for a day's wages with either the mine or the factory.

Be sure you are paid when you sign the form. If you are laid off or fired be sure to get the form back from your employer.

When negotiating your wage keep in mind that the mine and factory cannot produce without you. (See the Production Schedule for the Mine and Factory above).

Clerks

You can find employment with the government or any of the businesses. It will be up to you to negotiate a wage on which you can live adequately. It should be noted by the mine workers, factory workers, and the clerks that you do not necessarily have to remain employees throughout the game. If you can create an opportunity to become a manager, politician, etc. you are free to accept it.

Politician's Roles

There are three politicians - a conservative, a liberal and a socialist. As politicians it is your duty to present your position on how the government should run the economy. At the end of each period you will be able to present your views. You can also solicit support during the game from any group whom you think will support you. A vote will be taken and one of you will be selected as Prime Minister for the next year.

The conservative politician is concerned with the growth of wealth in the economy. If he feels it is necessary he is prepared to use government power to insure the growth of the economy. He is also prepared to preserve the status quo because the government is responsible for the welfare of the people.

The liberal believes in private enterprise because it allows individuals of ability to fully develop themselves and in the process to develop the economy. The liberal is prepared to use government power to correct any situation in the economy which prevents individuals from using their ability. In emergencies he is prepared to use the government's spending and taxing powers to stabilize the economy.

The socialist politician believes that the role of the government is to build an economy which will serve the interests of the common man. To this end he would have the government interfere with the operation of the economy to put the wealth in the hands of the people. To do this he would tax corporate profits heavily and nationalize businesses such as mines and elevators so that the wealth of the economy would be distributed more fairly.

At the beginning of the game the Liberals will be in power. The Prime Minister will receive a salary of \$150 per period. The Politicians out of power will receive \$100 per period.

The government has the following responsibilities:

- 1) to take such steps as it feels are necessary to keep the economy operating efficiently.
- 2) to establish the income tax rates (10% initially) and to collect the tax.
- 3) to keep the accounts

Those of you who are in special interest groups should be prepared to put pressure on the Prime Minister so that he will govern in such a way to meet your needs. If he does not meet your needs, he can be replaced.

Civil Servants' Roles:

Deputy Minister of Finance

You are responsible for keeping the government's financial accounts in order. This means that you must make a list of every taxpayer in the game, and collect whatever rate of taxation the Prime Minister decides upon. At the beginning this will be 10% of an individual's income. You must also make a list of companies and collect a corporate tax which is 10% of the company's net income.

You have the power to see that each player (individual and company) keeps clear and correct accounts. If someone does not, the Prime Minister has the right to assess a fine.

A person who refuses to pay his income tax will be assessed a penalty of 50% above the amount of tax the individual owes.

You will be paid \$150. per period.

Government Administrator

You are the assistant to the Prime Minister. It will be your job to assist him in any way. Specifically you are responsible for hiring staff and seeing that the responsibilities of government are carried out.

You will be paid \$150. per period.

Bank Manager

As manager of the bank you are responsible for keeping the accounts of the bank. The bank will accept deposits and will make loans. Your biggest responsibility will be to decide on who should qualify for loans. You must be sure that the borrower will be able to pay back the loan. If the purpose of the loan is to start a business, you must be sure that the business has a chance of being successful. It is also your duty to see that the borrower repays his loan.

You are employed by the government and your salary will be 150. per period.

Stock Broker

All of the shares which are being offered to the public must be sold by the stock market. As manager you will sell shares to the public. Initially the companies will set the price on their shares, but if they do not sell at that price you may lower the price until they do begin to sell. If a share is selling very well, you may decide to raise the price.

You are employed by the government and your salary will be \$120. per period.

Employee's Name _____

This individual has been hired and paid his wages:

Date	Company	Employee's Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

This form must be signed every day by the employee who will then be paid. This form will be held by the employer. If the employee is laid off or fired this form must be returned to the employee.

D. Personal Account Ledger

Name _____

Role _____

<u>Period #1.</u>	<u>Points Earned</u>
Salary \$ _____	_____ food tokens = _____ points
Income from investments \$ _____	_____ rent tokens = _____ points
Total income \$ _____	_____ automobile units = _____ points
Income Tax \$ _____	Total points = _____
Net Income \$ _____	Every student must have his tokens as proof of the points he/she has earned.
LESS EXPENSES:	
of food 4 x \$ _____ = \$ _____	
of rent 2 x \$ _____ = \$ _____	
Total expenses = \$ _____	
Total savings (or losses) \$ _____	

<u>Period #2.</u>	<u>Points Earned</u>
Salary \$ _____	_____ food tokens = _____ points
Income from investments \$ _____	_____ rent tokens = _____ points
Total Income \$ _____	_____ automobile units = _____ points
Income Tax \$ _____	Total points = _____
Net Income \$ _____	Every student must have his tokens as proof of the points he/she has earned.
LESS EXPENSES:	
of food 4 x \$ _____ = \$ _____	
of rent 2 x \$ _____ = \$ _____	
Total expenses = \$ _____	
Total savings (or losses) \$ _____	

Business Account Sheet

Name of Business _____

Day # _____

Number of units bought _____ @ \$ _____ per unit

A) Total cost \$ _____

Number of units sold _____ @ \$ _____ per unit

B) Total return \$ _____

C) Net return \$ _____

Expenses

1) Salaries \$ _____

Manager \$ _____

Employees \$ _____

2) Property tax \$ _____

D) Total expenses \$ _____

E) Income \$ _____

F) Income tax \$ _____

G) Net income \$ _____ paid to the shareholders
of the company

Account of Payment to Shareholders

Shareholders

Payments Made

	No. of Shares	Day 1 Amount	Day 2 Amount	3 A.	4 A.	5 A.	6 A.	7 A.
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								

GOVERNMENT BUYING

Gross National Product
(Supply)

_____ Gross National Income
(Leland)

20 units of food = \$48.00
 10 units of rent = \$15.00
 50 units of car = 3

Wages	\$	_____	
Profits	\$	_____	
Government			\$
Expenditure	\$	_____	D

74.00 3196.00

	Period
240 units of food	= \$36.00
160 units of rent	= \$16.00
6 units of cars	= \$6.50

Wages	\$	_____	
Profits	\$	_____	
Government			\$
Expenditure	\$		D

		Expendit
→	<u>\$58.50</u>	<u>\$196.00</u> ←

		Period
—	units of food	= \$36.00
—	units of rent	= \$16.00
—	units of cars	= \$

Wages	\$		
Profits	\$		
Government			Surplus
Expenditure	\$		Deficit

Expendit
\$ 246.00

_____ units of food = \$ _____ Period _____
 _____ units of rent = \$ _____
 _____ units of cars = \$ _____

Wages	\$	_____	
Profits	\$	_____	
Government			
Expenditure	\$	_____	Surplus*
			Deficit*

Expendit

\$ 283.00

* Surplus budget - The government spends less than it receives in taxes.

* Deficit budget - The government spends more than it receives in taxes

SUPPLY

Money in Circulation

\$ _____

DEMAND

Basic Needs

Food 160 x \$ _____ = \$ _____

Rent 80 x \$ _____ = \$ _____

TOTAL = \$ _____

Luxuries \$ _____

Saving \$ _____

Cars \$ _____

Investment \$ _____

↙ TOTAL = \$ _____

Section	Money Supply	Demand for Money	Government Budgeting *
1A			
1B			
2A			
2B			
3A			
3B			
4A			
4B			
5A			
5B			
6A			
6B			
7A			
7B			

* Surplus - The government spends less than it receives.

Deficit - The government spends more than it receives.

FARMER #1 2 children wife	FARMER #2 2 children wife	FARMER #3 2 children wife	FARMER #4 2 children wife
FARMER #5 2 children wife	BANK MANAGER 2 children wife	FACTORY MANAGER 2 children wife	MINE MANAGER 2 children wife
SUPERMARKET MANAGER #1 2 children wife	CONSERVATIVE POLITICIAN 2 children wife	LIBERAL POLITICIAN 2 children wife	SOCIALIST POLITICIAN 2 children wife
GARAGE MANAGER 2 children wife	SUPERMARKET MANAGER #2 2 children wife	DEPUTY MINISTER OF FINANCE 2 children wife	ADMINISTRATIVE ASSISTANT TO THE PRIME MINISTER 2 children wife
MINER #3 2 children wife	MINER #4 2 children wife	MINER #5 2 children wife	MINER #6 2 children wife
MINER #7 2 children wife	AUTO WORKER #1 2 children wife	AUTO WORKER #2 2 children wife	AUTO WORKER #3 2 children wife
AUTO WORKER #4 2 children wife	AUTO WORKER #5 2 children wife	AUTO WORKER #6 2 children wife	AUTO WORKER #7 2 children wife
CLERK #1 2 children wife	CLERK #2 2 children wife	CLERK #3 2 children wife	CLERK #4 2 children wife
CLERK #5 2 children wife	CLERK #6 2 children wife	CLERK #7 2 children wife	MECHANIC #1 2 children wife
MECHANIC #2 2 children wife	PENSIONER #1 0 children wife	PENSIONER #2 0 children wife	APARTMENT MANAGER 2 children wife

FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT
FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT
FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT
FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT	FOOD <i>gny</i> UNIT
ONE <i>gny</i> SECTION'S RENT	ONE <i>gny</i> SECTION'S RENT	ONE <i>gny</i> SECTION'S RENT	ONE <i>gny</i> SECTION'S RENT	ONE <i>gny</i> SECTION'S RENT	ONE <i>gny</i> SECTION'S RENT
ONE <i>gny</i> SECTION'S RENT	ONE <i>gny</i> SECTION'S RENT	ONE <i>gny</i> SECTION'S RENT	ONE <i>gny</i> SECTION'S RENT	ONE <i>gny</i> SECTION'S RENT	ONE <i>gny</i> SECTION'S RENT

ONE STEEL - CAR UNIT

New Price \$ _____ *gny*

Date - Per. _____ Sec. _____

This car will depreciate at the following rate:

- a) 1 section (year) old 50%
- b) 2 sections old 100%
- less

ONE STEEL - CAR UNIT

New Price \$ _____ *gny*

Date - Per. _____ Sec. _____

This car will depreciate at the following rate:

- a) 1 section (year) old 50%
- b) 2 sections old 100%
- less

<p>Par Value \$ <u> </u> <i>gmy</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value</p> <p>Sec. A <u> </u> B <u> </u> 2A <u> </u> F <u> </u></p> <p>3A <u> </u> B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u></p> <p>B <u> </u> 6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>	<p>Par Value \$ <u> </u> <i>gmy</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec. A <u> </u></p> <p>Sec. B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>
<p>Par Value \$ <u> </u> <i>gmy</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec. A <u> </u></p> <p>Sec. B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>	<p>Par Value \$ <u> </u> <i>gmy</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec. A <u> </u></p> <p>Sec. B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u> B <u> </u></p> <p>4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u> 6A <u> </u> B <u> </u></p> <p>7A <u> </u> B <u> </u></p>
<p>Par Value \$ <u> </u> <i>gmy</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec. A <u> </u></p> <p>Sec. B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>	<p>Par Value \$ <u> </u> <i>gmy</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec. A <u> </u></p> <p>Sec. B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>
<p>Par Value \$ <u> </u> <i>gmy</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec. A <u> </u></p> <p>Sec. B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>	<p>Par Value \$ <u> </u> <i>gmy</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec. A <u> </u></p> <p>Sec. B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>

<p>Par Value \$ <u> </u> <i>gml</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value</p> <p>Sec. A <u> </u> B <u> </u> 2A <u> </u> B <u> </u></p> <p>3A <u> </u> B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u></p> <p>B <u> </u> 6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>	<p>Par Value \$ <u> </u> <i>gml</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec.A <u> </u></p> <p>Sec.B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u> B <u> </u></p> <p>4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u> 6A <u> </u></p> <p>B <u> </u> 7A <u> </u> B <u> </u></p>
<p>Par Value \$ <u> </u> <i>gml</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec.A <u> </u></p> <p>Sec.B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>	<p>Par Value \$ <u> </u> <i>gml</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec.A <u> </u></p> <p>Sec. B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>
<p>Par Value \$ <u> </u> <i>gml</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec.A <u> </u></p> <p>Sec. B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>	<p>Par Value \$ <u> </u> <i>gml</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec.A <u> </u></p> <p>Sec. B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>
<p>Par Value \$ <u> </u> <i>gml</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec.A <u> </u></p> <p>Sec.B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>	<p>Par Value \$ <u> </u> <i>gml</i></p> <p>ONE SHARE OF STOCK</p> <p>Market Value: Per I Sec.A <u> </u></p> <p>Sec. B <u> </u> 2A <u> </u> B <u> </u> 3A <u> </u></p> <p>B <u> </u> 4A <u> </u> B <u> </u> 5A <u> </u> B <u> </u></p> <p>6A <u> </u> B <u> </u> 7A <u> </u> B <u> </u></p>

50 Cinquante	BANK OF SHELDONIA <i>San Juan</i> 1973	50 Fifty
20 Vingt	BANK OF SHELDONIA <i>San Juan</i> 1973	20 Twenty
20 Vingt	BANK OF SHELDONIA <i>San Juan</i> 1973	20 Twenty
20 Vingt	BANK OF SHELDONIA <i>San Juan</i> 1973	20 Twenty
20 Vingt	BANK OF SHELDONIA <i>San Juan</i> 1973	20 Twenty
20 Vingt	BANK OF SHELDONIA <i>San Juan</i> 1973	20 Twenty
20 Vingt	BANK OF SHELDONIA <i>San Juan</i> 1973	20 Twenty
20 Vingt	BANK OF SHELDONIA <i>San Juan</i> 1973	20 Twenty
50 Cinquante	BANK OF SHELDONIA <i>San Juan</i> 1973	50 Fifty

10 Dix 10 BANK OF SHELDONIA <i>Lm James</i> 1973 Ten	10 Dix 10 BANK OF SHELDONIA <i>Lm James</i> 1973 Ten
10 Dix 10 BANK OF SHELDONIA <i>Lm James</i> 1973 Ten	10 Dix 10 BANK OF SHELDONIA <i>Lm James</i> 1973 Ten
10 Dix 10 BANK OF SHELDONIA <i>Lm James</i> 1973 Ten	10 Dix 10 BANK OF SHELDONIA <i>Lm James</i> 1973 Ten
5 Cinq 5 BANK OF SHELDONIA <i>Lm James</i> 1973 Five	5 Cinq 5 BANK OF SHELDONIA <i>Lm James</i> 1973 Five
5 Cinq 5 BANK OF SHELDONIA <i>Lm James</i> 1973 Five	5 Cinq 5 BANK OF SHELDONIA <i>Lm James</i> 1973 Five
1 Un 1 BANK OF SHELDONIA <i>Lm James</i> 1973 One	1 Un 1 BANK OF SHELDONIA <i>Lm James</i> 1973 One
1 Un 1 BANK OF SHELDONIA <i>Lm James</i> 1973 One	1 Un 1 BANK OF SHELDONIA <i>Lm James</i> 1973 One
1 Un 1 BANK OF SHELDONIA <i>Lm James</i> 1973 One	1 Un 1 BANK OF SHELDONIA <i>Lm James</i> 1973 One

GOVERNMENT ACCOUNTS

PEP _____

Revenue

- I. Property Tax _____ of assessment
 apartment \$ _____ \$ _____
 mine \$ _____ \$ _____
- II. Income Tax _____ of %
 factory \$ _____
 bank \$ _____
 mine \$ _____
- I. Supermarket \$ _____
- II. Supermarket \$ _____
 garage \$ _____
 apartment \$ _____
- III. Individual Income (Basic Exemption \$ _____)
 Revenue \$ _____.
 Total Revenue \$ _____.

Expenditures

- | | |
|---------------------------|-----------------------------|
| I. Salaries \$ _____ | IV. Cars \$ _____ |
| 3 clerks \$ _____ | V. Money lent \$ _____ |
| Prime Minister \$ _____ | Crown Corporation Salaries. |
| Politician \$ _____ | Bank Manager \$ _____ |
| Politician \$ _____ | 4 clerks \$ _____ |
| Principal \$ _____ | Stock Broker \$ _____ |
| Teacher \$ _____ | 2 clerks \$ _____ |
| Teacher \$ _____ | TOTAL \$ _____ |
| Teacher \$ _____ | (enter in Crown Corps.) |
| Teacher \$ _____ | |
| Pensioner I \$ _____ | = Total \$ _____ |
| Pensioner II \$ _____ | Surplus \$ _____ |
| II. Crown Corps. \$ _____ | Deficit \$ _____ |
| III. Food \$ _____ | |

Daily Accounts

To

Determine The Cash on Hand

Cash on hand at the beginning of the game \$ _____

<u>Period 1</u>	Cash on hand	\$	_____
	Total money deposited	\$	_____
	Sub Total	\$	_____
	Less money lent	\$	_____
	TOTAL	\$	_____

<u>Period 2</u>	Cash on hand	\$	_____
	Money Deposited	\$	_____
	Sub Total	\$	_____
	Less money lent	\$	_____
	TOTAL	\$	_____

<u>Period 3</u>	Cash on hand	\$	_____
	Money Deposited	\$	_____
	Sub Total	\$	_____
	Less money lent	\$	_____
	TOTAL	\$	_____

<u>Period 4</u>	Cash on hand	\$	_____
	Money Deposited	\$	_____
	Sub Total	\$	_____
	Less money lent	\$	_____
	TOTAL	\$	_____

<u>Period 5</u>	Cash on hand	\$	_____
	Money Deposited	\$	_____
	Sub total	\$	_____
	Less money lent	\$	_____
	TOTAL	\$	_____

BANK ACCOUNTS

	Money Lent	Interest	Revenue	Payments
Per 1A				
1B				
2A				
2B				
3A				
3B				
4A				
4B				
5A				
5B				
6A				
6B				
7A				
7B				

DEPOSIT ACCOUNTS

NAME	DEPOSITS	WITHDRAWALS	BALANCE
------	----------	-------------	---------

NAME	DEPOSITS	WITHDRAWALS	BALANCE
------	----------	-------------	---------

NAME	DEPOSITS	WITHDRAWALS	BALANCE
------	----------	-------------	---------

NAME	DEPOSITS	WITHDRAWALS	BALANCE
------	----------	-------------	---------

LOAN ACCOUNTS

Interest _____ % Per section Due Per _____

Debtor _____

		Amount Borrowed \$	
	Payment	Less Interest	Balance Owning
Per 1A	_____	_____	_____
1E	_____	_____	_____
2A	_____	_____	_____
2E	_____	_____	_____
3A	_____	_____	_____
3B	_____	_____	_____
4A	_____	_____	_____
4E	_____	_____	_____
5A	_____	_____	_____
5E	_____	_____	_____
6A	_____	_____	_____
6E	_____	_____	_____
7A	_____	_____	_____
7E	_____	_____	_____

LOAN ACCOUNTS

Interest _____ % Per section Due Per _____

Debtor _____

		Amount Borrowed \$	
	Payment	Less Interest	Balance Owning
Per 1A	_____	_____	_____
1E	_____	_____	_____
2A	_____	_____	_____
2B	_____	_____	_____
3A	_____	_____	_____
3E	_____	_____	_____
4A	_____	_____	_____
4E	_____	_____	_____
5A	_____	_____	_____
5E	_____	_____	_____
6A	_____	_____	_____
6E	_____	_____	_____
7A	_____	_____	_____
7E	_____	_____	_____

"APPENDIX C"

GAMES AND SIMULATIONS

Introduction

There is little evidence that students learn any more or any better through the use of games or simulations in the classroom. However, the technique does have two advantages. In the first place games and simulations can provide clarity, they can serve to make difficult concepts meaningful to students by presenting them in terms which are more relevant to them and their lives. Secondly games and simulations undoubtedly serve as highly effective motivators, providing, as it were, a sugar-coating for the pill.

Although the literature abounds with various definitions of games and simulations, the following will suffice. A SIMULATION attempts to create in the classroom a model of a real life situation. A GAME is an exercise in which the players compete with each other or with themselves. Obviously, a SIMULATION GAME combines elements of both. For our purposes, the differences are unimportant and we can use the terms interchangeably.

Effective simulation technique consists of three distinct phases:

1. Preparation
2. Play
3. Post Mortem

These phases will vary from game to game, but in most cases all three are vital to success.

In the Preparation stage, the Director must equip the players for the game/simulation by preparing whatever physical facilities may be necessary, and by laying the intellectual/conceptual groundwork. Many a simulation has "bombed" because the Director failed to get the players ready. Consequently, it is of primary importance for the Director to clearly establish in his own mind exactly what a particular simulation is supposed to accomplish. That done, the necessary preparation should be relatively obvious.

Similarly, games and simulations are likely to be a waste of time without proper follow-up. The Director cannot assume that students have learned the lessons by simple virtue of having played the game. The post mortem provides the opportunity to emphasize and stress the concepts upon which the game has been built, and to ensure that its purposes have been achieved. Also interesting is the opportunity in the post mortem for allowing student imagination free rein. Any simulation worth using will suggest new ideas to explore, even to generally uncreative students.

In summary, games and simulations are useful in providing clarity as well as motivation. And, while the operation of the simulation is obviously important, the teacher who ignores the necessary advance preparation and the desirable post mortem runs the risk of losing whatever value the game or simulation may have had.

Star Power

The game which is described below is essentially a three tiered sociological simulation, with economic and political implications. It has been adapted from a commercially available game entitled Star Power. Because it is relatively simple to set up, to play and to provide follow-up for, it is an ideal vehicle for introducing students to the concept of gaming.

1. Preparation

Unlike most simulations, Star Power requires little advance preparation other than setting up the requisite physical facilities. The nature of the game makes it advisable that the players not be given too much advance warning of what is in store for them.

The play of Star Power will divide the players into three groups based on the possession and accumulation of wealth in the form of trading chips. Individual players improve their positions by trading with their fellow players. In fact, however, the game is "rigged" to provide for "the rich getting richer while the poor get poorer". In successive rounds the gap between the top group (the Squares) and the middle group (the Circles), and between the middle group and the bottom group (the Triangles), will widen, and eventually the Squares will take over control of the game. This will produce increasing levels of frustration among the Circles, and especially among the Triangles, frustration that may even lead to "revolutionary" activity.

The purpose of the game is to reveal to students what it is like to be stuck at any particular level of a three tiered, rigid, hierarchical structure. The frustration experienced by the Triangles has already been mentioned: also revealing will be the complacency of the Circles and the general tendency of the Squares to "gouge" the other groups. The structure produced by the game can be related to a three tiered society, or to either a political or an economic power structure. Ideally, it should be related to all three.

As has been mentioned, Star Power is a trading game. It is generally adaptable for groups ranging from 15 to 30 players. (The instructions and tables that follow are based on an average group of 24.)

The Director should prepare for each round by counting out an appropriate number of piles each containing five trading chips, according to the pattern set out in Table 1. Please note that the table is set up on the basis of an average group of 24 players, and the quantities should be adjusted according to the size of the class involved. Also it is worth mentioning that while poker chips are ideal for use in this game, coloured cardboard squares are perfectly adequate.

While the chips the players will receive will obviously have different values, the players should not be given any clue as to what those values are. They should be given only the basic rules as laid out in Table 2. These can either be duplicated and given to each player, written on the blackboard, or simply read to the players.

2. Play

Round 1

At the beginning of the first round, the players should be allowed to select a pile of chips at random. It is generally a good idea to top each pile of chips with a red coloured one, camouflaging those underneath. In this way an absolutely random distribution of piles of chips can be achieved. Once players all have chips in their possession, the trading round begins. Five to ten minutes are required, at the discretion of the Director.

In the first round, trading may end fairly quickly as the players will be unsure what to do. If this happens there is no reason not to settle things down and proceed with the game.

While the trading round is going on, the Director should be preparing another set of piles of chips.

Once the trading round has been completed the players should be directed to return to their seats and the following score card should be posted in clear view of everyone involved:

White	-	5	Three of a Kind	-	15
Blue	-	10	Four of a Kind	-	20
Red	-	15	Five of a Kind	-	25
Green	-	25	Bonus	-	30
Gold	-	50			

The players should then be instructed to compute their scores and post them on the score sheet. Ideally, the score sheets should be somewhere on the board, or on a flip chart, in plain view of all the players.

The Director should then divide the players into three groups according to their scores: the seven highest scores

become Squares, the eight middle scores become Circles and the nine lowest scores become Triangles. It is a good idea to have pin-on identification tags for each group.

The players in each group should be seated in circles as widely separated as the classroom will allow. They should be informed that they are free to discuss any matter they choose, and to make any rules for their group that they like and that they can democratically agree to.

Each of the three groups should then be given two of the green and gold bonus chips, worth 30 points each. The groups may award these chips to any player or players, but the group must unanimously agree on their disposition within two minutes. The players who receive the bonus chips then add the appropriate amount to their scores. If the group cannot agree unanimously within the time allowed, the Director reclaims the bonus chips without the points being awarded to anyone.

Round 2

In the second round, the players are not allowed to make a random selection of a pile of trading chips. The Director allows only the Squares to draw a pile from those containing gold chips, and only the Circles to draw a pile from those containing green chips. No hint as to what colours of chips the piles contain should be given to the players.

Again, allow a maximum ten minute trading round.

Players will sometimes expect the Director to change the scoring system. It is usually useful to have this attitude extant as it promotes more active trading.

At the end of the round, have the players compute their scores and post their new totals on the board. Again, distribute two bonus chips to each of the three groups.

A useful new procedure at the end of the round two is to promote the Triangle with the highest score to the Circle group, the highest Circle to the Square group, and to demote the lowest Square to the Triangle group. This limited group-to-group mobility will tend to keep the competition within the groups fairly keen.

By this time the Director should have counted out a new set of trading chips, and the game is ready to proceed to round three.

Round 3

The third round should continue as round two. Even at this early stage, players in the Triangle group should be starting to feel the frustration as their scores fall farther and farther behind. The players should probably begin to

realize that the game is "rigged".

The Director plays essentially a passive role in the game, neither commenting to players on what is happening nor cueing or making suggestions. However, the Director must decide how many playing rounds are necessary before the rules are fundamentally altered. With mature groups, three rounds will probably be enough; with less mature players, a fourth trading round may be necessary before changing the rules further.

Round 4 (or 5)

At the completion of round three (or four), the Director should announce a fundamental change in the procedures of the game: henceforth the Squares will make the rules. One proviso applies: any rules that the Squares do not specifically alter shall remain in effect.

The Squares should be allowed a maximum of five minutes to devise any rule changes they desire, and to communicate these changes to the other groups. The Circles and Triangles are, of course, free to do as they choose in their groups.

Another trading round proceeds as before except, of course, for any rules the Squares may have changed.

Later Rounds

Once more, it will be entirely at the discretion of the Director as to how many further trading rounds are necessary or desirable. Much will depend on the type of rules the Squares decide to make, and on the reactions of the Circles and Triangles to them.

In its later stages the game is liable to take off in any direction. The Director should do his best not to interfere, as there are lessons to be learned from whatever reaction the players may come up with. Often the Triangles will simply refuse to play. On occasion, they may rebel, even to the extent of physically taking control of the game. Sometimes the Squares may attempt to placate the Circles and Triangles by narrowing the gap in the scores; more often they will alter the score card to make the gap even wider. The game derives its name from its ultimate form, which occurs when the Squares elect one of the players as a benevolent dictator--or Star--to manage the game.

Whatever the reactions, the Director must guard against letting the game last too long. It should be cut off whenever the objectives have been achieved, or, what can sometimes happen, before it degenerates to the ridiculous.

Generally the posting of the final scores will become meaningless. The game tends to wind down with a growing realization among the players that there are no winners.

3. Post Mortem

By far the most important part of Star Power is the follow-up. However, because of the fact that the game is capable of infinite variation, precise guidelines for the post mortem are impossible.

Although Star Power is conceptually relatively simple, the implications of the game and the lessons which can be learned from it tend to become extremely complex. In the post mortem stage the Director should attempt to draw from the students as much understanding of these complexities as he can through the asking of judicious questions about precisely what happened during the playing of the game. The basic questions are "what happened?" and "why?". Depending upon individual circumstances some of the following questions may also be helpful:

1. What does the trading process resemble?
2. Are you familiar with real life groups which approximate those of the game?
3. What relations existed between the groups? within the groups?
4. Why did the gap between the Squares and the other groups widen? Does this phenomenon resemble anything with which you are acquainted?
5. What happened to the Squares' attitude towards the game as it progressed? What about the Circles? Or the Triangles?
6. Itemize the character traits exhibited by each group. Why were these traits in evidence?
7. Was there mobility between groups? Who moved from group to group? and why?

One would hope that the players would be able to draw the analogy between the groups in the game and the societal structure existing in Canada today. The analogy between the game and the economic structure or the political structure is also there for the taking. Ultimately, the Director should attempt to draw from the students the realization that there are self-destructive tendencies built into any hierarchical structure.

Conclusion

Star Power serves as an ideal vehicle for introducing students to the concept of games and simulations. Properly handled the game provides valuable lessons of its own as well as leading to the easy use of more complex games and simulations in the classroom.

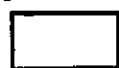
TABLE 1
to Appendix C

Quantity of trading chips required for play with an average group of 24:

white	75
blue	75
red	75
green	40
gold	14
green/gold	6

NOTE: these quantities are minimum; spares are advisable.

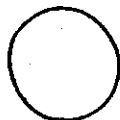
Composition of trading chip piles, to be counted out by the Director prior to each round:



- 7 piles: 1 gold

1 (or 2) green

3 (or 2) random selection of white, blue, and red



- 8 piles: 1 (or 2) green

4 (or 3) random selection of white, blue, and red



- 9 piles: 1 red

4 random selection of white and blue

NOTE: no more than two trading chips of any one colour should be placed in any pile; and it is advisable to include one red chip in every pile.

TABLE 2

to Appendix C

BASIC PLAYING RULES

1. All players must have 5 trading chips in their possession throughout every trading round. Trading is permitted on a 1-for-1 basis only.
2. Players cannot be compelled to reveal the colour of their trading chips, and should keep their chips concealed during the trading round.
3. Trades may be made only by two players who are holding hands. The act of clasping hands signifies an intention to trade, and a trade MUST be completed once two players clasp hands.
4. No talking is allowed during the trading round except by players who are holding hands.
5. Players who have done as much trading as they wish to in a particular round should signify as much by returning to their places and folding their arms.

"APPENDIX D"

(Note: - The following case study is taken from Social Studies 10 and can be used as the model for an Economics Case Study.)

The Use of Case Studies

Case studies are an excellent method of allowing the student to make an in-depth study of a particular area of interest. There are many approaches that may be used. One such method may incorporate original research - e.g. a group of students may survey supermarkets to see if there is any difference in prices charged for the same goods, or students may examine materials used by various parties in an election to evaluate the program of the parties. The strategy used below is a more formal approach to the case study involving the use of print materials.

A. A Strategy for a Student-Directed Case Study

(a) In Preparation:

1. Select a general area for investigation (e.g. Industrialism, Imperialism, Poverty, Foreign Ownership).
2. Gathering data:

To do a proper Case Study, you will have to find as much information as possible on the area you have chosen. This information should be used in your Case Study to support ideas. To gather this information, the following steps are suggested:

(a) Sources of information can be found:

- (i) In the CARD CATALOGUE (check area headings, titles or author - e.g. Imperialism, Poverty).
- (ii) Look in the Table of Contents and Index of general books for sections or chapters or pages devoted to your area.
- (iii) Check the bibliography of these books for other sources of information.
- (iv) Check the READER'S GUIDE TO PERIODICAL LITERATURE (ask the Librarian or teacher how it works). Look under the area you have chosen.

- (v) Check for A/V materials which might pertain to your area. There are filmstrips and tape recordings in the library. Also check the film catalogue for films you would like ordered for your viewing: the NATIONAL FILM BOARD and the DEPARTMENT OF EDUCATION are two of the best sources. If you want a film make an immediate request to your teacher who will order it for you. This will usually take one week to arrive.
- (b) Before you start reading, make a bibliography of all the sources you have uncovered. From this list you will do your general and selected readings.
- (c) Select a source which deals with your area in a general fashion. This will give you a broad understanding of what you wish to investigate. As you read, prepare LOG NOTES. Always head your notes with the AUTHOR, TITLE AND PUBLISHER of the source in case you want to re-read the article at a future date. Your LOG NOTES should be brief and should include:
 - (a) factual and statistical information or points of view which you feel might be useful in your CASE STUDY.
 - (b) A summary of the material which you have read and
 - (c) a critical analysis or personal evaluation of the material (e.g. "This article gave me a good review of the causes of poverty but the ideas presented do not conform to my perception of poverty. It also contradicts the previous article I read on poverty by saying...").

(B) Develop an Hypothesis: see- The Use of Hypotheses

From your general readings and the orientation lectures, you should be able to form an HYPOTHESIS about the area you are investigating. The hypothesis should be quite specific but should also be put in such a way so as to permit you to change your ideas. (e.g. Lack of money is commonly considered to be the cause of poverty). As soon as you develop your hypothesis or hunch, you must then ask yourself some questions about your hypothesis.

- (e.g. Why is there a lack of money?
- Are there too many rich people?
- Do occupations have anything to do with poverty?
- Does education have any bearing on poverty?
- Does heredity and intelligence affect poverty?

Does tradition have anything to do with poverty?
Do the economic and political structures of
our society cause poverty?
Does location have anything to do with it?
Are there any examples of poor people who
rise above poverty?
What did they do?
Is it a lack of money or how people spend
their money which causes poverty?

Making a set of questions like this requires a lot of thinking - sometimes deep thinking. As you formulate these questions, you should talk to your teacher and seek his advise - there may be other questions he might suggest. Ask your parents and other teachers for their views and opinions. These will help you to determine the kind of stereotyping and prejudices which exist in our society. You may even want to formulate a questionnaire to get many points of view.

The process of forming good questions will probably be the hardest part of your investigation - for you will find all kinds of answers to these questions. If you can do this part well, then your CASE STUDY is more than half completed.

(C) Expanding Your Log Notes:

Once you have developed your hypothesis and asked your questions, you must then proceed to find answers. Consult your bibliography and begin skimming and reading those materials which suggest answers. Many of these answers will be contradictory. Your job is to compare these answers and decide which are the best. In many cases, this will be a VALUE JUDGMENT on your part. In other words, which answers do you value the most and why? Do these answers support your hypothesis?

As you read and find answers, put them into your LOG NOTES - along with a summary and critical analysis of each source. You should include material which may contradict your hypothesis because it just may cause you to change your mind.

After you have examined all the sources you can find on your area of investigation and have a set of LOG NOTES to work from, you are then ready to begin writing the first or rough copy of your CASE STUDY.

(D) The Case Study:

Your CASE STUDY has three basic parts to it:

(a) Your Hypothesis:

Start by writing down your hypothesis and defining it. (e.g. Lack of money is commonly considered to be the cause of poverty. I define poverty as an economic state in which an individual has less than \$3,500 a

year on which to live. But since Canada has a Gross National Product of some \$80 billion a year and is considered to be one of the richest countries in the world with one of the highest standards of living, I find it hard to understand why 20% of our population is poor. This case study will attempt to examine the reasons for this apparent unequal distribution of wealth.

(b) Your Evidence:

From the questions which you have asked and the answers which you have found, you must now arrange a logical examination of your hypothesis. As you present your ideas and points of view (whether they are your own or those of others), you must give evidence of support. This evidence must be FOOT-NOTED (See Use of Footnotes).

As you present these ideas and pieces of evidence, you will be required to interpret and analyze them. (e.g. "Brown says that the poorest people in Canada are Eskimos and that their poverty is due to the fact that the whole of the white people are exploiting them"¹ (footnote). But Smith says that poverty is largely due to the lack of education and training which people get.² (footnote) If both Smith and Brown are correct, then, perhaps, the answer to poverty among the Eskimos is to provide them with a better education. But this education might destroy their culture - so we must be certain that the education they receive will be such that it will help to eliminate poverty while still preserving their culture).

When you are convinced that your hypothesis has been fully explored and that you have exhausted your analysed evidence, then you can proceed to the final stage.

(c) Your Conclusion:

This is where you will be required to draw conclusions on your hypothesis and make VALUE JUDGMENTS. (e.g.: Although I have found and presented much evidence to show that a lack of money is not the sole cause of poverty, I am still convinced that there is a direct relationship between money and poverty. I am also

¹Milliken, E.K., The Cradles of Civilization, Toronto, 1964, page 165

²Trueman, D.C., and Trueman, J.H., The Pageant of the Past, Toronto, 1964, page 483.

aware that poverty is a very complex issue and that it is related to education, social status, ethnicity, occupations, prejudices and stereotyping. But at the same time, I am convinced that our society does give plenty of opportunities for people to rise above the level of poverty if they have the will power and determination to do so).

(e) The Use of Footnotes:

Footnotes must be placed at the bottom of the page. Most CASE STUDIES have footnotes. These are used in the following instances:

- (a) When referring to information which is other than common knowledge. (e.g. The first Crusade fielded 150,000 men.¹)
- (b) When quoting directly from a particular source. (e.g. The Pope urged the French to attack"... an accursed race, a race utterly alienated from God..."²)
- (c) When expressing a main idea presented by an author of one of your sources. (e.g. The childrens' crusade resulted from a need of faith in the goals.³)
(e.g. Most children died or were sold into slavery.⁴)
(e.g. The Crusades broke the Moslem control over the Eastern trade.⁵)

At the bottom of the page, these footnotes would be recorded:

1. Milliken, E.K., The Cradles of Civilization, Toronto, 1964, p. 165.
2. Trueman, D.C., and Trueman, J.H. The Pageant of the Past, Toronto, 1964, p. 483.
3. Magoffin and Duncalf, Ancient and Medieval History, Toronto, 1958, p. 569.
4. Ibid., p. 570 (Ibid is a Latin word meaning "the book cited directly above" in footnote #3).
5. Milliken, Op. Cit., p. 167 (Op. Cit. is Latin for the 'the book written', by Milliken which was previously cited in footnote #1).

(f) Bibliography:

At the end of your CASE STUDY, you must include a list of all the books, articles and materials you used as resources in gathering your information. This list must be written down in the following manner:

Author, Title, Publisher, place of publication, date. These must be put down in alphabetical order according to author.

(g) Evaluation:

Your teacher will be marking your LOG NOTES and CASE STUDY on what you did and not what you said. He will be marking your ability to develop hypotheses, to ask questions, to find answers, to interpret and analyze evidence, to draw conclusions and to establish values. His task is to help you to develop these skills and evaluate you on how well you have performed. The final conclusions and values which you embrace are yours and yours alone.

"APPENDIX E"

THE BANKING SYSTEM

Minister of Finance

Governor of Bank of Canada

General Manager of Toronto-Dominion Bank	General Manager Royal Bank	General Manager Bank of Commerce	1. Credit Union
Bank Manager	Bank Manager	Bank Manager	2. Trust Company
Credit Officer	Credit Officer	Credit Officer	3. Finance Company

Minister of Finance: Part of the role of the Minister of Finance, is to forecast economic trends and initiate some type of action on the part of the chartered banks to cope with the trend of the economy.

In the case of inflation, the Minister of Finance would instruct the Bank of Canada to restrict the money supply. This is accomplished by offering government securities, such as treasury bills (a promissory note issued by the Federal Government and offered to financial institutions, through the Bank of Canada. Bids are submitted in order to gain the right to purchase this instrument), Canada Savings Bonds, or Government of Canada Bonds, at an attractive rate of interest. The intent is to encourage the public, both individuals and banks, to invest or save and thereby take some of the money out of circulation.

In the case of deflation or a stagnant economy, the Minister of Finance would attempt to reverse the trend of saving. This is accomplished by re-purchasing the treasury bills, or Government of Canada Bonds, which has the effect of putting more money in circulation.

Bank of Canada: The central bank, The Bank of Canada, works very closely with the Minister of Finance. The Bank of Canada is the primary agent of the Government in enacting policy to bring about the desirable results in terms of the general economy, that is; limit money supply in an inflationary situation and expand the money supply in the case of deflation.

The central bank offers to the investment dealers and chartered banks, the bonds and treasury bills which have been created by the Federal Government.

The Bank Act, which is the parliamentary guide governing the actions of the Bank of Canada and the other chartered banks, is important.

It gives the power to the Bank of Canada to require the chartered banks to keep reserves on deposit with the Bank of Canada. The Bank of Canada can affect the banks' tendency to lend or save by

raising or lowering this reserve rate, from 4-12% on loans. The loan reserve rate may only be altered by a maximum of $\frac{1}{2}\%$ at a time.

Roles

1. Governor of the Bank of Canada
 - will set policy to cover activity of chartered banks.
 - will establish the rate of the reserves the chartered banks must keep on deposit with the central bank. Rate may range from 4%-12% on loans.
 - in consultation with Finance Minister, will also establish trend of prime lending rate. This rate will usually vary from 6%-8 $\frac{1}{2}\%$.
2. General Manager-Toronto-Dominion Bank
 - keeping in mind the policy of the Bank of Canada, the General Manager will decide on the action to be taken by his particular bank. Policy covering loan rates and deposit rates will be established at this level. General Manager will set out policy of demand loans and personal loans. General Managers must keep in mind they are in business to make a profit. They will attempt to react to policies of Bank of Canada to either increase their loans or their deposits to their own best possible advantage.

For purposes of this game, bank profit will only be determined by the spread or difference in rate charged on loans and the rate offered for deposits. He will also be conscious of his competition.
3. General Manager-Royal Bank - same instructions as role 2.
4. General Manager-Bank of Commerce - same instructions as role 2.
5. Bank Manager-Toronto-Dominion Bank
 - will assume local responsibility for carrying out the policy of the Bank's Head Office (General Manager).
 - His chief responsibility will be to advertise or initiate business development or business promotion.
 - He will also consult with the credit officer in decisions of granting loans and also the rate to be charged on the loan within the guidelines as set out by the General Manager. Bank Manager will be accountable to the inspectors of the Bank (teacher) for the manner in which he operates his branch, for example reasons for granting loan, rate charged, etc.
6. Bank Manager-Royal Bank - see instructions as role 5.
7. Bank Manager-Bank of Commerce - see instructions as role 5.
8. Credit Officer-Toronto-Dominion Bank
 - will interview loan customers, obtaining all the data that will help him make a decision on whether to lend to the prospective customers or not.

- He will be responsible to the manager for his decision, and in most cases will consult with the manager before making a decision.
- He should be critical of spending estimates which the prospective clients present him.
- He will satisfy himself that the monthly budget is realistic and can allow a satisfactory repayment schedule.
- May seek manager's help in completing loan application.

9. Credit Officer-Royal Bank - see instructions as role 8.
10. Credit Officer-Bank of Commerce - see instructions as role 8.
11. Credit Union Manager
 - Much the same function as the Bank Manager. He is not restricted by reserves, nor prime rates. He will, because of limited scope of operation, stay reasonably close to the rate of the chartered banks. His rates may vary slightly in an attempt to draw some of the customary bank clients.
12. Trust Company Manager
 - Primarily responsible for business development and responsible for attracting investment. Attracting savings customer shall be the sole operation of this organization. It would then seem likely that interest rates would be more attractive than any other type of savings instruments.
13. Finance Company Manager
 - The function is primarily the same as the Bank Manager. The type of clients traditionally offer less security and to some extent more risk. The manager is less restricted and will often charge a higher rate of interest in lieu of security.
14. Doug Black - Male - Single

University Graduate Fall - B.A. Degree
 Saskatchewan Government Telephones
 Salary \$5000.00 a year
 No previous borrowing experience

15. George Brown - Male - Single
 - 2 years experience - electrician
 - Electrical course in progress
 - Salary \$6600 a year
 - Criminal record - 6 months car theft
 - No borrowing experience

16. Jane Anderson - Female - Single
 - University Graduate Fall - B.A. Degree
 - Saskatchewan Government Telephones - operator
 - Salary \$4000.00 a year
 - No previous borrowing experience

17. Mr. and Mrs. John Nelson - Recently married - 3 weeks

Both Grade XII education
Both working - combined salaries \$2400.00 a year
Already has loan on automobile - out of town
Wishes to take out loan for furniture
Credit report - Satisfactory

18. Mr. and Mrs. James Young - Couple

Married ten years
3 children - two school age
Seasonally unemployed - welder
Average salary - \$6000.00 a year
Financial Record - doubtful

19. Mrs. Ann Wood - recently widowed

Two teenage children
Works as clerk in Department Store
Left with minimal insurance policy-\$2000.00
Needs money for late model car also sundry
expenses for clothing
Salary \$5000.00 a year

20. Mr. and Mrs. Bill Graham - two children

Well established - 15 years business experience
Manager - local car dealership
Salary - \$10-\$12,000.00 per year
Owns own house
Borrowing record excellent
Has \$1500.00 to invest
Wishes to borrow to pay for interior
renovations to home

21. Mr. and Mrs. Max Smith - four children

Father-history as alcoholic
Family have had all but the basic necessities
repossessed
Father currently under care of doctor and belongs
to alcoholics anonymous
The family has been on welfare
Father has just been given opportunity to work
as caretaker in a government building
Purpose of loan - sundry expenses - clothes
and used furniture to refurnish house

22. Frank's Grocery - sole ownership

Business has been operating on annual profit
After expenses of \$2000.00 a year
Wants to build an addition to store
Own personal financial situation-satisfactory

Lives modestly
Current savings - \$3500.00
Wife is invalid
Capitalization - \$20,000.00 (plant and inventory)

23. C & D Autobody - Partnership

Business has existed for two years
Partner C - owns 65% of business
Handling personal finances satisfactorily
Good credit report
Lives well within means
Partner D - owns 35% of business
Has suffered recent losses on stocks
He is handling his accounts responsibly
although recent events have put a definite strain on his budget
Purpose of Loan - want to purchase new equipment. In first two years of operation,
Profit has been \$500.00 annually -
capitalization - \$50,000.00

24. Oriental Auto Sales - looking for assistance in establishing a car dealership

Will sell Japanese model cars
Market prospects look good locally, and we have been advised that dealerships in other major centres are doing very well
A \$5000.00 bond is required to establish this dealership
The principles in the deal have each invested \$20,000.00

25. Winter Fun Centre - snowmobile dealer, wish to add all terrain vehicles to their line

Previous borrowing experience - excellent, net profit \$6000.00 a year approximately
Capitalization \$30,000.00

26. Plumber's Supply - Plumbing Supply Company

Large accounts receivable
30 days 60 days 90 days
\$20,000.00 \$15,000.00 \$10,000.00
Capitalization - \$100,000.00
Wish to add to inventory
Tend to be tardy in payments

27. Wholesale Distributor - 25 years in business

Sound financial operation

Accounts Receivable

30 days 60 days 90 days

\$11,000.00 \$300.00 \$100.00

Profits - \$60,000.00

Wishes to invest \$10,000.00 short term

Plant expansion in planning stage

Approx. cost \$30,000.00

President of company - well respected

Sound Financially - approximately worth \$100,000.00

28. Religious Organization - Looking for financial help to
build new building - \$100,000.00

Bond issue to assist - \$60,000.00 - 20 year term

Current funds available \$20,000.00

Have monthly income of \$2400.00

29. Private School - Annual Operation - \$250,000.00

Receipts tuition etc. - \$130,000.00

Income Charitable Donations - \$115,000.00

Accounts Receivable - \$16,000.00

Accounts Payable - \$4,000.00

Wish to borrow \$10,000.00 - 30 days pending

Receipt of donations

Security offered - personal guarantees

board of directors

Credit repayment - at times slow

Considered responsible

Usually, method of dealing with situation

would be to create an overdraft

LOAN APPLICATION

Name of Borrower

Home _____ owned _____ rented

Salary or income

How long have you been employed

Amount of loan requested

Purpose of Loan

Source of Repayment

Security

- Other conditions of loan
- a) Credit balances
 - b) Co-signatures
 - c) Assignment of accounts receivable

ASSETS

LIABILITIES

I submit the above statement for purpose of obtaining credit from you. This statement shows correctly the state of my/our affairs.

If loan is granted I/we undertake

- a) Conduct all my banking business with you
- b) Not to borrow additional funds from any source without your prior consent.

Bank Official

Customer

"APPENDIX F"

Collective Bargaining Game

General Information:

You are either employees or management of an automobile manufacturing plant called Acme Automotive Works. The present contract between the company and the employees will expire at the end of the year. You must hold meetings in the next few weeks to settle the details of next year's contract.

This contract must settle all the different issues which concern both the employees and management. All labor-management relations for the next year will be governed by this contract so it must clearly lay out pay rates (and overtime pay), pension plans, working conditions, work week, holidays, and sick leave. Both sides must agree to all the clauses of the contract.

Roles:

1. There will be approximately twenty employees. They will have to select a five man negotiating team and a chairman who can act as chief negotiator. This team will draw up an initial set of demands in consultation with the rest of the employees. This team cannot sign any contract until a majority of the employees have ratified it.
2. The company bargaining team will be headed by the president and his five vice presidents. They will be responsible for drawing up the company's proposals. They are authorized to sign a contract with the employees. They should remember, however, that they will have to answer to the shareholders of the company for any agreement they make.
3. One individual will be disinterested conciliator who may be called in by the company and the employees to help them reach an agreement. This individual is an employee of the Department of Labour.
4. A Judge can be appointed to serve as the chairman of a three man arbitration board with the employees picking one member and the company picking the other.

The Bargaining Process:

1. Initially, both sides will meet separately to discuss and formulate their demands.
2. Preliminary meetings will then be held to allow both sides to present their demands.

3. Each side will hold separate meetings to study the various proposals and to reassess their demands.
4. The bargaining sessions are held.
5. If after a time no progress is made either a "lock-out" or a "strike" may be desired by either side to force the other side to reduce its demands. Before this can happen a conciliator must be called in to find a compromise. The conciliator's decision is not "binding" on either side.
6. If attempts at reaching a settlement are still fruitless, both sides may request an arbitration board on the understanding that the board's decision is "binding". The president of the arbitration board (usually a Judge) is appointed by the Department of Labour. One member is selected by the employees.

The General Economic Picture:

1. The Gross National Product grew by 7% in real terms in 1971. The Economic Council of Canada predicts that it will grow by at least 7% in 1972 and predicts it will grow by 5% in 1973.
2. There is very little unemployment. The present rate is 3%.
3. The Consumer Price Index rose by 5% in 1972 and by 6% in the previous year. The Economic Council predicts that this inflationary trend will continue into 1973.

Background Information on Management:

1. In 1970 Acme Automotive had:
 - (a) general revenues of \$1,500,000.00
 - (b) costs of \$1,425,000.00 (labor cost \$1,000,000.00)
 - (c) profits of \$75,000.00 or a 5% profit.Their largest competitor, Zenith Automotive, had a 10% profit in 1970. Acme management at the end of the third quarter of 1971 predicts Acme Automotive will repeat 1970's profit picture.
2. At the general shareholder's meeting held in July, there were many shareholders (not a majority) who felt that profits were much too low. There were several suggestions on what could be done about this:
 - (a) hire new management
 - (b) merge with Zenith Automotive
 - (c) forgo the shareholder's dividend for 1970 and 1971 and borrow \$200,000.00 to provide \$250,000.00 worth of capital

Suggestion (c) was approved by the shareholders.

3. Acme's management is concerned about the general inflation and believe that wage hikes are contributing to this. They feel that these raises are forcing them to raise prices which makes it difficult for them to compete in the foreign markets and with the low cost foreign cars being imported into Canada.
4. Management would like to hold labour costs stable for a year while they bring in new processes and automated equipment which will enable them to lower their costs and thus improve their profit picture.
5. Acme has a new line of small car on the drawing boards which their market research department is convinced will out sell all their competitors.
6. The management feels that in two years the profit picture will improve radically.

Background Information on the Employees:

1. At present the employees feel they are falling behind the rest of the industry in wage raises.

	<u>Acme</u>	<u>Zenith</u>
1970	10% raise	12% raise
1971	5% raise	7% raise
1972	5% raise	5% raise
1973	?% raise	15% raise (only a rumor)

2. The employees presently have a five day 40 hour week. They get "time and a half" for any overtime beyond an eight hour day.
3. The employees have a pension plan which they pay into. They only get 4% interest on their money and the company does not match the employee contributions. Retirement age is 65.
4. There is no long term sickness insurance scheme. Employees are now entitled to six days sick leave per year. This sick leave does not accumulate from year to year.
5. Employees are presently given two weeks paid vacation per year.
6. There is no time allowed for coffee breaks.
7. The plant employees are very militant because they feel that their union has not fought hard enough for them in the past. There has been some talk among the workers of a "wildcat" strike. The union does not want to strike because the strike funds are low due to low employee union dues.

8. The morale of the employees is very low. The absentee rate (especially on Mondays and Fridays) is very high. There is no system for handling the grievances of the workers. There was a nasty accident two weeks ago in which two employees were injured because the foreman refused to stop the assembly line, to replace a defective part. The employees also feel that their lunch room is not kept as clean as it could be.
9. There has been a constant series of rumors circulating among the employees that the automotive companies are planning a series of heavy lay-offs because of automation.

"APPENDIX G"

COMPARATIVE ECONOMIC MODELS

Economic Model No. 1 - Neurasia

Neurasia is a vast country, rich in natural resources but with only the beginnings of industrial development. Primarily it is an agricultural country with a large, mostly illiterate, population. These people have become used to slow traditional methods and tend to accept their very low standard of living. They have also tended to accept as natural guidance from an elite minority. In all they are conservative and orthodox in outlook.

A recent war has considerably weakened the social order of this country. In fact, so many people were being killed, and the economy so weakened that the country was forced to withdraw from the conflict.

The war also brought a change in leadership with the removal from power of traditional leaders which the people had accepted for so long.

The new leaders want above all to reunite the nation, to put its economy on a sound footing and to make its industrial and agricultural output equal to more powerful neighbouring countries.

Presented with these facts:

- a) List the problems that exist in the nation.
- b) Suggest the necessary action to be taken to overcome the problems.
- c) What type of government structure would best suit this country?

Economic Model No. 2 - Oceania

Oceania has a large population and abundant resources.

A highly developed industrial complex has grown up based on modern techniques of mass production. This industrial complex is privately owned by individuals or groups of individuals. In the midst of apparent prosperity the economy received a sudden shock. The nation's market of stocks and bonds had collapsed. Many companies, banks and wealthy individuals had lost their financial backing and they were forced to close down. Some 1,400 banks closed because they did not have enough money to cover withdrawals. Within four years time fourteen million people were unemployed. Foreign trade was cut in half. Because of the unemployment factories continued to close (without an income people could not buy the goods that were produced). Farm income was also cut drastically as a result of the inability of cities to purchase their products.

The agricultural needs of the people are satisfied by a mechanized farm industry which has not been too concerned about conservation (protection of natural resources, such as land). When the country experienced a long dry season for two or three years, much of the rich top soil blew away. There were other areas of the country that suffered from over production and products were left to rot.

Individual citizens suffered greatly; many were poorly housed, poorly clothed and poorly fed.

Presented with these facts:

- a) List the problems that exist in the nation.
- b) Suggest the necessary action to be taken to overcome the problems.
- c) Suggest the group in society who would most likely take the action.

Economic Models No. 3 - New Zenith

New Zenith is a wealthy nation with a large population and abundant resources. It has a highly developed industrial complex which is based on modern methods of mass production. This industrial complex is privately owned by groups of individuals. New Zenith has one of the highest standards of living in the world. The majority of the people are well off, well educated and highly skilled.

New Zenith has, however, several major problems which are causing social unrest. Despite the high standard of living, a significant minority is poorly educated, poorly housed and unemployed much of the time. The centres of the major cities have decayed and have become ghettos for the deprived minorities. The air, the rivers and the lakes have been polluted by wastes from the largest industries and cities.

At the same time New Zenith faces problems of over abundance. Markets cannot be found for the surpluses of food her agricultural industry can produce. Cities are being overwhelmed by the automobile, while the wealthy middle class retreats to the suburb which creates "an urban sprawl".

The average individual feels that the quality of life in New Zenith is inferior. This feeling is reflected in protests from its youth and minorities and strikes from its labor unions.

Presented with these facts:

- a) List the problems that exist in the nation.
- b) Suggest the necessary action to be taken to overcome the problems.
- c) Suggest the group in society who would most likely take the action.

"Comparison of Capitalism, Communism and Socialism"

	CAPITALISM	SOCIALISM	COMMUNISM
OWNERSHIP OF RESOURCES	Productive resources are privately owned and operated	Basic productive resources are government-owned and operated. Other less important resources are privately-owned and controlled, by individuals or business firms.	All productive resources are government-owned and operated. The only exception is some capital equipment etc., which is used in collectives and is privately-owned
ALLOCATION OF RESOURCES	Capital for production is obtained through the profit motive, drawing funds from investors into developments in return for profits.	Government plans ways to allocate resources in key industries and allows private enterprise to control other forms of business activity under laws and regulations.	Government plans ways to allocate all resources.
CONTROL OF PRODUCTION	Production is determined by the profit motive. Private owners decide what, how and how much at what price on the basis of desired profits.	Production in major industries is set by planning commissions on behalf of government. Other privately-owned industries function in much the same way as do business in pure Capitalism	Production is planned by Government Boards by Five Year Plans in which production goals or "output targets" are set. It is then up to the managers or each state industry to decide how they are going to meet the State-set production targets
POSSIBLE SHORT-COMINGS	<p>Profit motive may deny production of many goods and services needed or prohibit many from buying them due to high prices.</p> <p>Profit too low to entice business to provide needed services.</p>	<p>Efficient planning of industrial output is a tremendously complex task and inflexible plans often lead to shortages and large surpluses.</p> <p>Lack of the profit motive and government monopoly often means waste, high cost to tax-payers and poor quality and service, absent in competitive markets.</p>	<p>Political dictatorship over business activity often makes business decisions on political rather than on economic grounds.</p> <p>Long-range, inflexible planning leads to surpluses, shortages and lack of adjustment to unforeseen changes in economic conditions.</p> <p>Profit motive absence results in poor quality and low production levels.</p>

"APPENDIX H"

Prescribing Remedies For Inflation, High Food Costs

By: VINCENT BLADEN

*Dr. Bladen is professor of
political economy and former
dean of arts and science at the
University of Toronto.*

THE ANGUISHED cries of journalists and opposition politicians about the rise in the cost of living of the past few months, the insistent pleas for more rigorous control of inflation and particularly for the imposition of price ceilings, have led me to reconsider my Program for Beating Unemployment (Globe and Mail, Dec. 12, 1972).

This is not because I think I was wrong then, but because I think that we face today a different variety of inflation requiring a different treatment.

Inflation, like fever in the human body, may have a variety of causes. Just as in medicine it is essential to identify the specific organism causing the trouble before prescribing the antibiotic known to be effective in controlling that specific organism, so in political economy it is essential to identify the specific variety of inflation, the specific cause of a particular inflation, before prescribing a remedy.

I want to make clear this concept of "variety" so as to force consideration of the effectiveness of anti-inflationary measures, not as general treatment of a general condition but as specific measures to deal with a specific variety. To use the wrong antibiotic will be ineffective, and possibly harmful; to choose the wrong anti-inflationary measures will, similarly, be ineffective and possibly harmful.

I must add to this medical analogy that potential economists have more limited skill in diagnosis, less knowledge of the probable effect of their treatment; there is, also, more likelihood of confusion arising from the coincidence of two or more causes each calling for a different treatment, each possibly antagonistic to each other.

Finally, there is less readiness on the part of the patient to accept the diagnosis and treatment of the experts rather than the patent medicines offered by those who have that supreme confidence which arises from ignorance.

The problem is further confused by the different interests of classes, regions, groups: a proposed remedy that is likely to improve the standard of living of a large and vociferous group may be equally likely to reduce the standard of living of other groups.

Inflation changes the distribution of income and remedies for inflation must be considered in the context of conflict over the distribution of income; the problems of rising prices must be recognized as essentially problems of income distribution.

Five Varieties

With this introduction let me proceed to identify five varieties of inflation. My purpose is to emphasize the special characteristics of the fifth, the current variety, and to argue that great damage can result if inappropriate remedies follow from wrong diagnosis.

We used to think of inflation, rising general prices, as the result of monetary mismanagement, as initiated by an increase in the money supply. Its correction was therefore expected to be undertaken by the monetary authority, by contraction of the money supply. This must be seen now as one variety of inflation, one among several varieties. Even when treating this variety it is important to note that the process of contraction produces unemployment which may be severe and may continue for a considerable time.

We have, rightly, come to be more intolerant of unemployment than we were and therefore less ready to accept that contraction which would be necessary to correct an initial mistake by the monetary authority.

The "mistake" of the monetary authority was often forced on it by a government in budgetary difficulties. England in the First World War used inflation as a supplement to taxing and borrowing as a means to pay the expenses of that war. After the war the astronomical hyperinflations of Europe were the product of the fantastic budgetary problems of the immediate postwar years.

When an inflation had gone far it was clear that one could not return to the old price levels, but had to concentrate on stabilizing at some new high level.

France in 1928 stabilized at one-fifth of the prewar exchange with sterling. Because England had not allowed inflation to go so far it was possible to think in terms of return to the old level, and because the amount and duration of unemployment in the process of contraction was under-estimated, and the political and moral revulsion against the deliberate creation of unemployment was slow in developing, England embarked on a policy of contraction, of deflation, and suffered thereby seriously for nearly two decades.

This variety requires a correction of the budgetary imbalance to prevent its development; but once it has occurred, attempts to achieve deflation to the original level by a new and opposite budgetary imbalance will be certain to produce the

