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**Financial Literacy in Grades 11 and 12 Canadian and World Studies –  
Economics and Geography CIA4U and CGG3O**

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## Canadian and World Studies – Economics and Geography

### Analyzing Current Economic Issues CIA4U

Gerald Pilot, Economics Teacher: Good morning, ladies and gentlemen. Today's lesson learning goals are up on the board, so if you could take a second and just take a look at the learning goals, and see if there's anything that you don't understand. Could somebody explain, or tell me what marginal means in economics? Erin?

Student: It's the difference between two products, or two things, like the difference between an amount of one thing, and the amount of the other.

Gerald Pilot: Okay, good, right. So that's one concept that you're going to have to really be clear about in your mind, and understand by the time we're all said and done with the cost of production.

Narrator: The teacher describes the approach he uses in explaining economics to the students. Then with the class, introduces a number of key terms and concepts that the students will need to know.

Gerald Pilot: Economics, basically, is trying to understand the world around us, and we look at the entire marketplace and break it down into components. To start off, I'm going to do a little bit of a lesson, then I want us to do an experiment to kind of figure out and understand what marginal product, total product, and average product means. So on this PowerPoint slide, this first one in the centre has the Theory of the Firm, and the theory of the firm we talked about yesterday. We talked about perfect competition, monopolistic competition, oligopolies, monopolies, and so forth. We're going to be looking at these other ideas, revenue and profit, and cost, and talk about how they're all associated with the Theory of the Firm, and how those different components of the marketplace - monopolies, oligopolies, etcetera - are able to make some decisions. Today's experiment, you're going to be kind of like a perfect competition type of company, in which you will be making homogeneous products. Can somebody tell me, what does homogeneous product mean?

Student: The same product.

Gerald Pilot: Yes, so all the products are going to be the same. Today's lesson we're going to be making paper airplanes, and everyone knows

what a paper airplane is. And everyone works in groups, the idea here is, to understand that when we get the group too large, it becomes less productive.

Student: Yes, I believe using metaphors in activities help us connect it to real life, and help us out and understand it. So that's why I think economics is great, because it's very related to life, and it shows us a lot about budgeting money, and how the world works around us.

Gerald Pilot: So there's two costs here, and we have looked at these terms before, explicit and implicit. When you had to write your grade 10 literacy course you had to take a look at what some of the explicit information that you had to write in your paragraphs, as well as some of the implied things. In economics, explicit costs are the monies that are actually paid out. So if I'm owning a business, it's going to be my heat, my hydro, my labour costs, and all of those things. Those are pretty straightforward, and accountants are quite familiar with those. Who's in this class going into business, or accounting? So there's quite a few of you. So you're going to have to be looking at those explicit costs if you're doing accounting, for sure. So implicit costs are the opportunity costs that arise due to the owners' use of their own resources to produce a particular good or service. That's pretty wordy, I'll tell you what that means. In reality, that is what they're giving up to have a business.

Jane Rooney, Executive Director, Financial Consumer Agency of Canada (FCAC): Financial Literacy and financial education is about everyday financial transactions. Everything that we do affects the economy, and actually, our minister of finance recently said that, Financial Literacy is about saving for retirement, it's about balancing a family budget, it's about financing a home, and all of those decisions have an impact on ourselves, but more importantly, on the whole economy.

Gerald Pilot: Economics can be quite an abstract concept, but it does bring in different ideas that are relevant to students, and help them kind of understand the world around them.

Student: It will be useful in the future knowing about the market structures, in Canada or in any other country, just knowing how businesses work here in Canada so I can be more independent financially.

Gerald Pilot: Some of the costs of production can be either fixed costs, or they can be variable costs. Fixed costs are just ones that stay constant. So for example, if you're paying rent for your business, or your home even, for example, you know what that is going to be. If you have a mortgage like I have a mortgage, I know exactly how much my payments are every month. Come up with some of the costs in

your life that are both fixed and variable, and we'll have a little discussion in about 30 seconds.

*(Student discussion.)*

Gerald Pilot: When I'm teaching economics, I try as much as possible to bring in their own life to what they're learning.

Derek DiBlasio, Vice Principal: The part of why we're excited about this is, that kids need to know how to apply what they're learning in their course, but then how can they have some real life application. And we're seeing that kids having jobs more and more now in high school, how can they apply that to some of the real life things that they're going to be doing on a day to day basis?

Gerald Pilot: So now that you've had a chance to talk about those two things, what are some of the ideas that you've come up with that you can share? Yes.

Student: The cell phone bill is a fixed cost.

Gerald Pilot: And why is that?

Student: Because it's the same every month, basically.

Gerald Pilot: Okay, good. Abby?

Student: Insurance on your car, because you have to pay a certain amount each year.

Gerald Pilot: Okay, that's good. So I have two terms up there, normal profit, and that's when a firm has enough revenue to cover the explicit and implicit costs of production. And this means that the person who owns it can stay in business. So that means that the heating, the rent, all those things are covered. Some of the equations you need to know, by the way, you don't have to write these down. When we're working on your assignments, or when you're working on your assignments, all of those equations are given, but I wanted to introduce you to these. We have total costs, and just so they're kind of in your brain, you're going to do this in a practical exercise, and it's all going to come, the light bulbs will come on. This is the law of diminishing returns. And it says here that, as we add more and more of one variable input, for example, labour, because labour is an easy thing to change; we can lay off people, or we can hire people quite easily. Anyway, we add more and more of one variable input, for example, labour, combined with our fixed input, so all of those things that are required to run the business, for example,

land, which doesn't necessarily mean land, but in economics it means natural resources, in the production of a good or service, at some point, the increase in production will begin to diminish. That is a lesson I'm hoping you're going to learn in today's experiment. So step one is, that you're going to be recording some data, and all you're going to be doing is, as we add one more person to your group, we're going to count how many more airplanes are made. And then what we'll do later is, you'll figure out marginal product, and then average product, and you're going to be doing some graphing down here. So I'm going to give you about 30 seconds to decide a strategy, and then what's going to occur is, we have one person at each table, they're going to start making paper airplanes. After 30 seconds you're going to stop making paper airplanes, and we'll tally it up. Then we'll add a second person, two of you will be making paper airplanes, and then we'll take the total for the two of you. And so on, and so forth, until we're all done.

Narrator: Students discuss the strategy, then the action began with the airplane production being closely timed.

Student: Okay, ready? I need to have the paper right in front of me.

Gerald Pilot: Strategy time is over. First person can start right now.

Student: Put that paper down.

Gerald Pilot: All right, stop. Everyone write down, how many do we have?

Student: Three.

Gerald Pilot: Three, okay, so write down three.

Student: They have two?

Gerald Pilot: Record that, they have two.

Student: Awesome.

Gerald Pilot: All right, we're going to add the second person in. You're going to have another 30 seconds in five, four, three, two, one, go.

Student: I don't know how to make them this way.

Gerald Pilot: Time to stop.

Student: How many do we have?

Gerald Pilot: If they are not airplanes, you don't get to count them for airplanes.

Student: Is that an airplane?

Gerald Pilot: We're going to add the next person in, in 10 seconds.

Student: Give everyone their own.

Gerald Pilot: Two, one, go.

Student: We're machines.

Gerald Pilot: All right, time is up. Okay, the fifth person is going to start in about five seconds, two, one, go.

Student: Don't waste your breath.

Gerald Pilot: Okay, you've got about five seconds left.

Student: I can do one more.

Gerald Pilot: And stop. These paper airplanes need to be recycled.

Narrator: Students completed calculations, then reflected on how the number of workers impacted productivity.

Gerald Pilot: As we added more units of labour, do you think that that helped our productivity? And if so, did it help for a certain time and then not help?

Student: I think it worked really well when we added more people, but after a while I think like when I was added to the group at last, it kind of got a little bit too confusing, because there was too many people, and there was too much paper around. So I think at the very end it started to go down a little bit, but it did work.

Gerald Pilot: All right, good. Sometimes it's so crowded, the productivity actually goes down. So there's a point in a business' operation where they're going to look at this data, they're going to say, when we added this one extra person, the marginal product was greater than the average product, and therefore, maybe we shouldn't be adding that extra person. And so when productivity drops, it means that they're going to lay some people off. And this is one way, especially bigger business that can afford economists, they'll look at this information and they'll say, hey, you know what, we have to lay off a certain amount of people. That's a sad thing. Sometimes it's recessions, like we talked about before where we have layoffs, but

sometimes it's a company has fixed resources, maybe they can't afford to buy any more, and they have to lay some people off because they've added too many people. I check for understanding and see, ask them, how is this important? Or why is this important to you? It is just learning how to learn in different ways, and I think that's important. When you're dealing with Financial Literacy or anything, you have to be able to approach it from a number of different ways, let's say, and I think that that's what they'll get.

### Travel and Tourism: A Regional Geographic Perspective (CGG3O)

Michael McNally, Travel and Tourism Teacher: So today we're going to focus on planning a trip, and we're going to look at factors that influence people's travel choices, and also how budgets impact how people plan and take part in vacations. So the first thing we're going to do today is, we're going to look at our learning goals. So the first learning goal today, it's a fairly simple one, and it's going to be a review that we've done before. So we're going to identify factors that influence travellers' destination choices. One of the things that's neat about teaching that group is, that you get a big diversity of students. You get students from every range, you get students of every level, so it's a challenge, and sometimes I think teachers like challenges. So let's focus on the first learning goal. Can anybody remember any of the barriers to travel? Things that stop you from travelling, or things that, perhaps, change the way you travel? Yes, right here.

Student: Weather.

Michael McNally: Weather was one, for sure. Another factor?

Student: Health.

Michael McNally: Health. That's a big one, when we have to think about budgeting for insurance.

Narrator: Jane Rooney, from the Financial Consumer Agency of Canada, shares her thoughts about how learning about Financial Literacy relates to these concepts students are learning.

Jane Rooney: Financial Literacy is about having the knowledge, the skills, and the confidence to make responsible financial decisions. Students need to understand how to make a budget, how to save, what is credit,

what's debt, and how to do some financial planning so that they can have long term goals and short term savings goals. That's what they need to know to be financially literate.

Student: Financial Literacy, to me, would be budgeting for a vacation, or not overspending what money I don't have, or not able to spend.

Michael McNally: Students need to understand that travelling is not cheap, and that budgeting for these types of things, and, and planning trips is very important. So for a lot of these kids, I think what they get out of it is, a little bit of knowledge. I think I heard students say, wow, flying is expensive.

Student: You've got to plan before you go somewhere.

Narrator: The teacher and students work together to co-construct a list of factors, which might be barriers to travel.

Michael McNally: When I look at my watch, what am I thinking about?

Student: Time.

Michael McNally: So the second learning goal today is, we're going to determine how disposable income, time, and lifestyles affect travel choices. Now, there's a term there that I want to make sure we understand, and that's this one here, disposable income. I think, in terms of Financial Literacy, students really need to understand that they're not going to be able to get everything that they want, and see, they're going to have to differentiate between needs and wants, and learn how to budget. I think budgeting is a big factor for these kids. So that's the term disposable income, so it's money that we can spend on the things that we want. The luxury items. Maybe it's a cell phone, maybe it's renting movies, maybe it's going out with your friends, but that's disposable income, and disposable income is what we use to travel. We save up, we budget to travel, and your parents, or people that you live with, may save up for travel. And that's what we're looking at. Put up your hand if you've ever had a budget. Okay. Put up your hand if you've ever saved money for something. Okay. Richard, what did you save money for?

Student: For cars.

Michael McNally: For cars, okay. You bought a car?

Student: Yes.

Michael McNally: Fantastic. Adam, what were you saving money for?

Student: A laptop.

Michael McNally: A laptop, okay. So people save money all the time, and that's what we call budgeting, budgeting for things. So what we're going to do today is, actually, we're going to have a scenario where you get to budget for a trip, okay? What kind of factors do we need to consider when we're going to travel? What kind of expenses are we going to have? We'll go here with Devon.

Student: Spending money.

Michael McNally: Okay, your spending money. Allan?

Student: Food.

Michael McNally: Food, for sure. Brenda?

Student: Living expenses, like where you're going to stay.

Michael McNally: Anything else when you're travelling that you need to think about?

Student: Gas money.

Michael McNally: Could be, yes, if you're going to drive to your location. Wow. So there's a lot to consider when we travel.

Student: I think it's important to know when you're going on vacation with your family and you don't want to overspend, because if you run out of money, then you might not have money to do other things there.

Student: The ideal trip would probably be going to a concert in some far away place, like Japan or something.

Michael McNally: Students talk about Hawaii and places like that, but it doesn't have to be that. And we talk about opportunities around Thunder Bay, around North Western Ontario, different alternative things, so all students think, you know, maybe I can do that. Not everybody can afford Hawaii, I know I can't, so we need to offer different scenarios to make everybody feel like there's something out there for them. The next part of this assignment is actually going to be to pick a random trip in which you're going to have to create a budget. And there's four cans up here, and each of the cans has a different factor that we're going to consider for our trip.

Narrator: The teacher provides an example of the final product, using a scenario with local relevance. He shows a budget for a trip from Thunder Bay to Winnipeg.

Michael McNally: So what we're going to have you do is, we're going to have you come up, take one of the sheets from each of the four cans, and that will create your scenario. But before you do that, I'm going to give you your scenario sheets, okay, what you do is, you record the information. So what kind of budget did you get? What kind of time, travel type, and wild card. And we're going to use this sheet as a checklist to help us plan for the last part of the lesson.

*(Student discussion.)*

Michael McNally: If you have \$900.00 and you have over \$1000.00, you can think of different things you can do out in nature. Now that you've had a chance to discuss this within your groups, we're going to have a chance to go up to room 212 and actually do some research and find out some of these different locations that you've had. I'm really interested from walking around and hearing, there's going to be a real diverse group of travellers here. Any questions? All right, we're good, we're going to go up to 212.

*(Students using computer terminals.)*

Michael McNally: So what you have to do is, start to search out flights. So you could look at Porter, and West Jet, and Air Canada, and you're going to have to pay for your ticket.

Student: Okay. So if I was going to put, for flying, I'd put one adult then?

Michael McNally: Yes, just put one adult. You have to take a bus or a train, okay, and what kind of trip?

Narrator: Students share some reflections about travel that they have thought of as a result of this lesson.

Student: Probably get through high school, like education is key for travelling. Getting a good career would help, because I was looking at airplane tickets and they're like \$500.00 to \$700.00, so having a decent job, decent career, education.

Student: The biggest barrier for me is time, and getting the money, and planning it.

Michael McNally: So if I can provide some examples of budgets and show them a little bit about how the real world is, that things are expensive, that's Financial Literacy for me, just getting those real world hints and clues for when they leave high school.