

## ECONOMIC 11 - INTRODUCTION

The text for grade 11 Economics, *Made In Canada, Economics for Canadians*, by James D. Thexton, 2nd ed.

This text covers the main topics necessary for a basic understanding of economics. It is, however, advisable to consult other sources to broaden your perspective and gain new insights. To this end, we have listed other sources of information to assist you in gaining as much knowledge and interest as possible in this subject area.

Suggested reading resources that may aid with this course include:

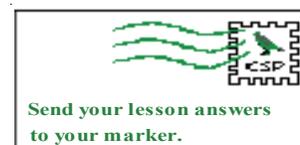
1. *Canada Year Book*. Address inquiry to Statistics Canada, Ottawa.
2. Monthly business letters available from the following: Head Office
  - Royal Bank of Canada, Montreal, Quebec
  - Bank of Nova Scotia, Toronto, Ontario
  - Bank of Montreal, Montreal, Quebec
  - Toronto Dominion Bank, Toronto, Ontario
  - Canadian Imperial Bank of Commerce, Toronto, Ontario
3. *The Economic Problem* by Robert L. Heilbroner and Lester C. Thurow, published by Prentice-Hall, Inc. 1989.
4. Local Newspapers
5. Magazines such as *McLeans*, *Time* and *Newsweek*.

6. Current event programs on radio and television and business television.

### DIRECTIONS TO STUDENTS:

Students who wish to take correspondence courses are assumed to be mature enough to know what they want and should not need to be urged to study. Regular study is necessary for the successful completion of the course. This requires self sacrifice in the evenings, particularly if you work during the day. Set up that sets aside regular time for reading and completing your assignments.

**Note** - Exercises found under the following icons are the only exercises that you should send in for correction.

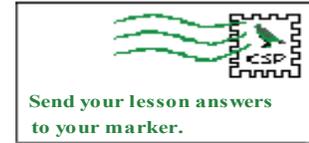


You are not required to send in any other work. When you see the icon to the right in a lesson, it will remind you that material in the lesson needs to be completed and sent to your marker for evaluation.

# SCARCITY AND DECISION MAKING

## LESSON 1

**LESSON 1  
TO BE SENT**



**Required Reading** - *Made In Canada, Economics for Canadians*, pages 2 - 7.

**Definitions** - In each lesson, students will find a list of terms that they should learn and understand. It is strongly recommended that the student use these terms whenever possible.

- Physical Wants
- Psychological Wants
- Resources
- Economics
- Scarcity

Humans have certain wants necessary to sustain human life. Food, clothing and shelter are among our most basic needs. We also must satisfy our psychological wants particularly in more advanced societies such as Canada. These wants are limitless, it appears, as we continually seek new types of food, clothing, and shelter as well as other needs. Our needs, or at least our desires, are never-ending.

However, our ability to acquire these things is limited mainly by our incomes. As a result, we are faced with the concept of scarcity; that is, we cannot acquire all that we want at all times. Economics teaches us that because our wants are unlimited, and because we live on a finite planet, then humans must live and deal with scarcity forever.

**Please Note:** The final evaluation of this course is based upon the reports that you pass in. You should be as thorough and accurate as possible.

Presentation is also important throughout this course. You should also apply what you have learned as much as possible.

1. Do you agree with the statement “Human wants are unlimited”? Defend your position by using examples.
2. Distinguish between physical and psychological wants.
3. How are resources and scarcity connected?
4. Why are some things more scarce than others? How do human wants apply here?
5. Complete the following table.

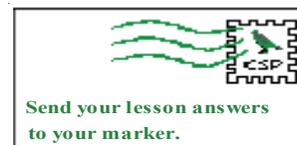
**Classify the following as a need or a want. Write need or want in the answer space.**

	Need/Want
1. Air	_____
2. Chocolate bar	_____
3. A home	_____
4. A shirt	_____
5. A shirt for a special occasion	_____
6. Milk	_____
7. Water	_____
8. A second pair of running shoes	_____
9. Winter gloves	_____
10. Golf glove	_____

## ECONOMIC DECISION MAKING

### LESSON 2

### LESSON 2 TO BE SENT



**Required Reading** - *Made In Canada, Economics for Canadians*, Pages 5 - 19

- Definitions
- Goods
  - Services
  - Opportunity Cost
  - Decision Making

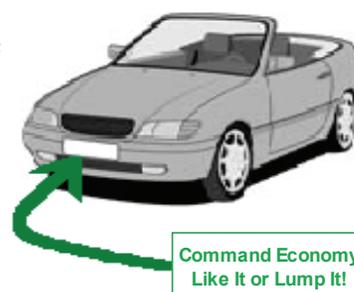
The concept of *scarcity* begins to become clearer when each of us think about how many things we would like to purchase but cannot. We all must make decisions about what to buy, and therefore, what we choose not to buy.

This introduces the motion of opportunity cost. What does it cost in real terms to buy a \$50.00 pair of designer jeans? The real cost is what else we could have purchased with that money. In other words, what we decided to give up. Example: Perhaps three or four CDs, a night out on the town, or groceries or part of the rent!

Our choices included \$50.00 worth of goods and/or services. We primarily think of goods as necessities and services as less necessary or even luxuries. Food is necessary while a doctor's skills are services. However, each is necessary. Someone whose income is high faces a problem of choice which is different from that of one whose income is average, and quite different from that of someone whose income is low.

1. Distinguish clearly between goods and services.
2. How are the concepts of choice and opportunity cost-related?
3. Keep a record of your economic decisions over a week and describe how scarcity affected your spending behaviour.
4. Prices effect our decision making processes. Describe the role that prices play in our economy.
5. Indicate a recent purchase you made. What was the opportunity cost of your purchase?
6. Read the Issue "Showdown over pollution" found on page 286 and respond to questions 1 and 2 on page 287.

In Lesson 3 on the following page, you are introduced to the mixed, market and command economies. The automobile bumper sticker below attempts to capture the essence of a command economy. After reading the text material with information on a command economy, consider whether the bumper sticker is an accurate statement or a misrepresentation.



## PRODUCTIVE RESOURCES

### LESSON 3

**Required Reading-** *Made In Canada, Economics for Canadians*, pages 12 - 25.

- Definitions**
- Mixed Economy
  - Market Economy
  - Command Economy

We, as individuals, must deal with the problem of a limited income and unlimited wants - scarcity. Nations must also attempt to balance the same issues. To do this, nations and individuals attempt to answer three basic economic questions. The questions are:

1. What are we going to produce?
2. How is it to be produced?
3. How much is to be produced?

Each country resolves these questions in their own way. Also, it is quite readily apparent that there are many different economic and political structures established in an attempt to resolve these three basic problems. You will find these structures are found somewhere between the concept of a pure market and that of a pure command economy. Canada is said to have a mixed economy, as are most economies.

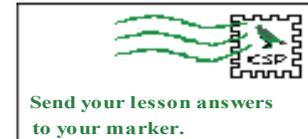
China and North Korea are command economies. They are highly planned societies, structured according to long term economic and social goals. This strategy requires a strong government role to answer the three basic economic questions stated above.

In Canada, the three levels of government (federal, provincial and municipal) make decisions that influence the production of

specified goods and services (products). The primarily answer to the three economic questions is based upon the forces of demand and supply, or what economists call a market.

It is difficult to find a pure command or a pure market in the world. It appears that there are advantages to each type of system.

### LESSON 3 TO BE SENT



1. Below are five statements. Indicate whether you agree or disagree and then give reasons for your answer:
  - a) Economics is a science and therefore, eventually will find the solutions to scarcity.
  - b) If everyone had a thorough knowledge of economics, we would eliminate the problems posed by scarcity.
  - c) The market economy distributes what we produce in a fair and equal manner.
  - d) The market economy is more efficient and cheaper to operate because it requires no government to make it run.
  - e) If stability were your main goal, then a market system would provide this better than a command economy.
2. Canada has five main federal political parties: Progressive Conservatives, Conservative Alliance, Liberals, New Democratic Party and Parti Quebecois. Indicate the position that three of the five parties hold with respect to a pure market economy. Explain your answer.
3. How do prices in our market economy help to resolve the third problem posed by scarcity?

## HUMAN RESOURCE ENTREPRENEURSHIP LESSON 4

**Required Reading** - Text, pages 30 - 63  
Text, pages 276 - 277

### Definitions

- Natural Resources
- Capital Resources
- Production
- Human Resources
- Entrepreneur

Every society must produce goods and services to survive. This again stems from the fact of scarcity. To accomplish this feat there are certain factors necessary.

The example of the island used in **Activity I: Shipwrecked**, on page 276, clearly shows a society, no matter the size, must balance the factors of production to meet economic goals.

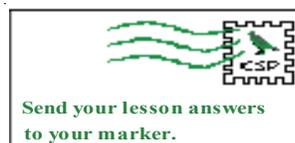
<b>The factors of production include:</b>	<ol style="list-style-type: none"> <li>1. natural resources</li> <li>2. human resources</li> <li>3. capital resources</li> </ol>
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- a. Natural resources include all of the benefits from the land itself. These include trees, minerals, fish, animals, oil, etc.
- b. Human resources include the humans who are able to work with their hands and minds. Some societies are better off than others in this area for the following reasons:
  1. Some societies work harder and value economically productive work more than others in which other values prevail.
  2. Some societies organize their work more effectively and as a result have higher productivity.

3. A healthier society can work better.
  4. A work force that is higher educated can usually produce more.
  5. The larger a labour force is, the more goods and services it should be able to produce.
- c. Capital resources are the tools and machines that man uses to produce products. The better equipped humans are, the more they can produce. All communities must set aside some of their time, efforts and resources to produce capital equipment so that they can produce more in the future.

Land, labour and capital, are necessary for any production. Invention and enterprise also play an important role. If one or both of these are absent then the real potential of an economy will not be achieved.

**LESSON 4  
TO BE SENT**

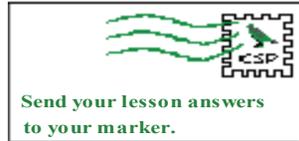


**Let's have a look at your motivation as an economic decision-maker attempting to use your scarce resources to solve your economic problems.**

1. Complete question 1 page 277 to establish your economic goals on the island.
2. How will you achieve the goals you set in question 1. Complete question 2, page 277.
3. You cannot compare your decisions with classmates but you can explain your decision making in 3 a, d, e, and f.

## TURN TO ACTIVITY 1: ENTREPRENEUR QUIZ

LESSON 4  
TO BE SENT



2. Complete question 3. Be certain to send in your questions and the responses to your questions. You should write a list that includes a minimum of 15 questions.

You are to complete the six parts of the quiz on page 51 of the text. You have already examined the use of scarce economic resources and gained an appreciation for economic decision-making as you sat shipwrecked on an island. Now, let's look at your entrepreneurial spirit. After reading pages 35 - 61 of the text, select an answer to each of the quiz question and explain your reasoning for selecting the answer.

Review your reading before you complete question 1 on page 55 of the text.

There are many franchise operations in Canada. Many people want to own and operate a business but like the support offered to them as a franchisee. Read the information in the text entitled **The Franchise** on page 56. Use this information to respond to Question 1 and 3 on page 57. Tom Culligan needs your help.

Turn to the **Applications** section on page 63.

1. Complete question 1 and provide a thorough response.